HUMAN EVENTS

YOUR WEEKLY WASHINGTON REPORT

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Why Does Nixon Hesitate?

Patronage Is the Name of the Game

By PHYLLIS SCHLAFLY

Ever since Richard Nixon won the presidency in November 1968, the press has been filled with variations on this principal theme: *President Nixon can fill only 1,500 to 3,000 federal jobs—the rest of the federal employes are locked in by Civil Service.*

This claim is preposterous and Republicans at every level should call the bluff of the Democrats and the liberals who are trying to put it over. The American people voted for a change in November 1968. There is no way that the wishes of the majority of Americans can be fulfilled if President Nixon can replace only 3,000 employes out of 3,000,000—leaving 2,997,000 holdovers from previous administrations.

On Inauguration Day, the New York *Times* stated on the front page: "Mr. Nixon will be leading barely 100 associates into top jobs in a government of more than three million employes. They will be guided for months by Democratic holdovers, even in policy posts, and they will have to master a bureaucracy that has been trained and nourished by Democrats in all but eight of the last 36 years."

Republicans should not permit the Nixon Administration to be strait-jacketed by the retention of 99.9 per cent holdovers from the LBJ Administration.

It is wishful thinking to hope that the election of a new President and his appointment of an outstanding Cabinet will in itself bring about the change in policies which the voters want. Policies are made by the thousands of middle-echelon bureaucrats who give the advice, determine what information is sent to their superiors, draft the "working" papers, prepare the "options," "interpret" the regulations, and summarize the "intelligence."

Immediately after the Nixon victory, the federal payrollers began building bureaucratic barricades to perpetuate themselves in power. They moved into high gear to hire Democrats for every

President Nixon has a golden opportunity to put the right people in positions of influence—if only he will take advantage of his chances.

available position. Jobs which had been vacant for months or even years were hurriedly filled in the weeks between the election and the Inauguration in order to blanket additional Democrats into Civil Service. Many others were transferred from political jobs to permanent jobs just prior to January 20.

Meanwhile, the federal bureaucrats are adopting the attitude that four years of Nixon are merely an interlude to be endured. The word is being spread in Washington that nothing should be done to reinstate Otto Otepka to his post in the State Department because this would be "bad public relations" for the Nixon Administration. This is untrue. Everyone who knows anything about the case knows that Otepka was framed. Unless justice is given to Otepka, morale among the many good federal employes will disintegrate.

The Democratic Record

The Democrats have never permitted Civil Service to impede their political objectives. Presidents Roosevelt, Truman, Kennedy and Johnson ruthlessly got rid of Republican holdovers—Civil Service to the contrary notwithstanding—and used every possible tactic to put Democrats on the payroll and keep them there. No holds were barred in their purge of Republicans and payroll padding with Democrats.

Franklin Roosevelt set the precedent in the Commerce Department in the early days of the New Deal. Under "emergency" powers, he fired several hundred holdovers from the Hoover Administration and put a freeze on all new hirings. Then he established the NRA in the same building—with all new personnel.

Where did the new employes come from? They were hired through the employment office of the Democratic National Committee—*not* transferred from the Commerce Department or other federal bureau. Two years later when the NRA was declared unconstitutional, all the NRA employes were hired directly into the Commerce Department and blanketed into Civil Service.

When President Truman wanted to load his friends in the Pendergast machine onto the federal payroll, he peremptorily closed some agency offices and then reopened them in Kansas City. This shook many off the payroll and opened up plenty of government jobs to take care of the politicians who elected him.

After Kennedy became President, he simply abolished the federal agency dispensing foreign aid, thus eliminating all the Eisenhower appointees. Kennedy then immediately created a new foreign aid agency under a new name—and hired a new staff of all Kennedy supporters.

These are just samples of the way Roosevelt, Truman, Kennedy and Johnson used the tool of federal patronage skillfully and ruthlessly in order (1) to carry out the liberal policies of the New Deal, Fair Deal, New Frontier and Great Society, (2) to build a political machine in order to reelect themselves, and (3) to enjoy the power of spending federal billions down to the letting of the last small contract.

The Eisenhower Mistake

Now let us contrast the patronage policy of the Eisenhower Administration.

If the election of Dwight Eisenhower in 1952 meant anything at all, it meant a mandate to clean out the State Department. The State Department was the focal point of the entire campaign: All Republican orators inveighed against the stalemate war in Korea, Communists in government and the State Department sellout of China. The 1952 Republican Party Platform promised:

"We shall eliminate from the State Department and from every federal office, all, wherever they may be found, who share responsibility for the needless predicaments and perils in which we find ourselves. We shall also sever from the public payroll the hordes of loafers, incompetents and unnecessary employes who clutter the administration of our foreign affairs."

It is a blot on the Republican record that this promise was never kept. Only a handful of top jobs were changed. The State Department which lost China, and announced that South Korea was outside the U.S. "defense perimeter," remained virtually intact. The few Republicans who did receive high appointments were told they could not even hire a secretary of their own choosing, but must continue with the holdover from the Truman Administration.

As the Republican party faithful became impatient with the lack of available patronage and with the lack of meaningful policy changes, they were forever frustrated by this stock reply from Republican senators, congressmen and other high officials:

"Nearly all federal jobs are under Civil Service and President Eisenhower can appoint only a few thousand jobs at the top. There is nothing we can legally do to dismiss Democrats and hire Republicans." Apparently Eisenhower and most top Republican officials believed this because it was the policy of the Eisenhower Administration.

This policy was wrong because it meant that the Eisenhower Administration could not give the American people the policy changes they voted for in 1952.

With the same crew manning the Eisenhower ship, as the French say, "the more things change, the more they remain the same." The American people were entitled to receive the change for which they voted. Civil Service has some merit but it should not be allowed to frustrate the constitutional wishes of the American people.

The bitter harvest of this failure to clean out the State Department was Castro. Our ambassador appointed by Eisenhower, Earl E. T. Smith, was never deceived by Castro. Ambassador Smith sent back accurate reports that Castro was a Communist and should not be aided by the United States. But these reports came into the hands of a Truman holdover named William Wieland, who pigeon-holed them. Wieland knew that Castro was a Communist, but never passed this information to his superiors.

The assistance that the State Department gave to Castro is the worst blot on the 100-year record of the Republi-

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Capital Briefs

● Wild rumors regarding the case of **Otto Otepka** —including incorrect information that he had resigned from the State Department—were floating through Washington last week, but the case still remains unresolved. Secretary of State William P. Rogers, however, privately expresses the worry that Otepka's full reinstatement in security affairs might disrupt the department. The new secretary still has an open mind on the situation, but some observers believe that Rogers may be unaware of the storm of criticism that would be triggered toward the Nixon Administration if Otepka does not receive the fair shake he was promised during the campaign.

● Sen. James Eastland (D.-Miss.), chairman of the Internal Security subcommittee, has issued a warning to the Nixon Administration: unless there is a **State Department housecleaning**, his panel will do an intensive probe of the department on its own.

● New York Mayor **John Lindsay** is reportedly pressuring Republican leaders in the state legislature to pass a bill changing the state's primary election date from June to September. Reason: Lindsay wants more time to shore up his sagging image before venturing into electoral waters in seeking re-election this year. The date-changing measure is given a good chance of passing the GOP-controlled legislature, despite vehement protest from Democrats and significant anti-Lindsayism among members of the mayor's "own" party.

● Sen. Paul Fannin (R.-Ariz.) plans to propose legislation that will prevent the unions from using **compulsory union dues for political purposes.** In his present position on the Finance Committee, says Fannin, he also expects to look "into the tax-exempt status of these empires built by union moguls with the compulsory dues of the worker."

● Liberal columnist Joseph Alsop reported last week that the Federal Bureau of Investigation is looking closely into the New York school crisis. A particular target of the FBI probe, said Alsop, is the pro-Peking **Revolutionary Action Movement**, which is openly recruiting "black guards"—junior guerrillas modeled on China's Red Guards.

● Sen. Everett M. Dirksen (R.-Ill.) says he will make a new effort this year to revive his proposals for modifying the Supreme Court's decisions striking down **prayer in public schools** and virtually forcing each state to adhere rigorously to a **one-man, one-vote** concept of government. The Illinois lawmaker, moreover, is not pinning his hopes on accomplishing these objectives via Congress, but through a call of a constitutional convention by two-thirds of the state legislatures. Only two more states need to approve such a convention, says Dirksen, to make it a reality.

● California Gov. **Ronald Reagan** last week gave beleagured taxpayers their first good news in more than two decades. Introducing his newest budget, Reagan announced a 10 per cent cut in the state income tax—the first such reduction since World War II.

● New York Democrats are already jockeying for positions on the fast 1970 political track. Two law partners and former Kennedy Administration cronies, **Ted Sorensen** and **Arthur Goldberg**, are angling for the Senate seat now held by interim appointee Republican Charles Goodell. If GOP Gov. Nelson Rockefeller seeks a fourth term, as he has declared he will, his opponent may also be a Kennedy intimate. **Stephen Smith**, who married a Kennedy sister and now manages the family fortune, and Nassau County leader **Eugene Nickerson**, an ally of the late Sen. Robert Kennedy, have both said they would love to oppose Rocky.

● A number of shoppers are intent on boycotting the **A&P food stores** since the eastern division of the nation's largest food chain has agreed to support the boycott of California grapes led by left-wing unionist Cesar Chavez.

● As an outcome of the New York City school strike last fall, the state supreme court has fined the city's United Federation of Teachers $220,000 and sentenced union leader **Albert Shanker** to 15 days in jail. Shanker had led the UFT in three separate citywide school walkouts. The maximum fine the UFT could have received was $620,000, while Shanker's sentence was only half the length of the maximum possible. AFL-CIO President George Meany has offered to have his federation pay the UFT fine.

● The House Rules Committee has approved a change in name for the House Committee on Un-American Activities, as requested by HCUA Chairman Rep. Richard Ichord (D.-Mo.). The new label, if approved by the entire House, will be the **House Committee on Internal Security.** Liberal representatives are expected to use debate on the name change as another opportunity to advocate abolition of the committee, or placing it under control of the House Judiciary Committee.

● Police officials from five major U.S. cities last week announced formation of a **National Patrolmen's Association**. The group, initially composed of representatives from Boston, Cleveland, Detroit, St. Louis and Chicago, hopes to expand to "all areas of the country," because, says a spokesman, "we don't feel we're getting the backing of political leaders and administration leaders in police departments." The NPA could be a precursor to a national policemen's labor union; the AFL-CIO has already said it is anxious to help organize such an affiliate.

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'Mr. Busing' Comes to Washington

Republican politicos were intensely unhappy last week with the naming of the controversial Dr. James E. Allen—a zealous school integrationist—to two powerful positions in the Department of Health, Education and Welfare. The startling selection of New York state's commissioner of education, who will assume both the jobs of assistant secretary of HEW and U.S. commissioner of education in the Nixon Administration, is considered a stunning setback by GOP strategists who realize the party must move southward to forge a permanent Republican majority. Yet the strange choice of Allen—made by Nixon's supposedly good friend Robert Finch—promises to wreak havoc with that plan.

ALLEN

"If anything can regalvanize the Wallace movement," noted one Southern Republican last week, "it is the appointment of such persons as Allen." But Allen's policies—if implemented on a national level—are bound to trigger an adverse reaction to the Nixon Administration not only in the South but in almost all other sections of the country as well.

The czar of New York's primary and secondary education system for 14 years, Allen has become the champion of inflexible and irresponsible integrationist policies, policies which Nixon repeatedly—and vigorously—opposed during the campaign. He is, in fact, "Mr. Busing" himself. Moreover, in New York's decentralization struggle, Allen allied himself with the racial militants, both black and white.

What Allen will probably choose to accomplish in his new post can be gauged from his New York performance in the past six years. On June 14, 1963, he issued a directive to every school district in New York demanding the elimination of "racially imbalanced" schools. Allen then defined a "racially imbalanced" school as "one having 50 per cent or more Negroes enrolled." Since this incredible edict, Allen has been disrupting the state's school system by energetically trying to end de facto segregation, closing down perfectly good schools if they are "racially imbalanced" and instituting a massive busing program.

Allen's interference in the Mount Vernon elementary school system is a typical example of his "integration at any price" theories put into action. The Mount Vernon School Board opposed integration of the schools through compulsory busing by an 8-to-1 margin. The racial grouping of the population and the schools is more clearly demarcated in the Westchester community than in many other suburban areas.

The line between white and black is drawn sharply by the tracks of the New Haven Railroad, with the black population and predominantly Negro schools

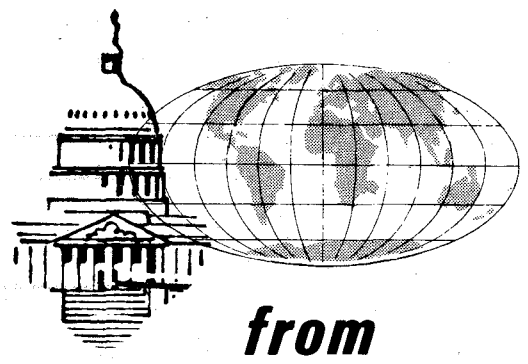
Despite President Nixon's campaign pledge that he opposed busing simply to create racial balance, his new education commissioner has been a leading proponent of this kind of busing.

on the south side of the tracks and the whites on the north. The elementary school system has 11 schools, the five on the south side being 87 per cent black, and the six on the north side 80 per cent white. Even though this division has developed in a natural way and modest integration already exists, Dr. Allen issued a ukase directing that all children in the first three grades be placed in the schools on one side of the tracks and all those in grades four through six on the other side.

This amazing order, which could only cause a terrific upheaval in the Mount Vernon community, would require the busing of 3,000 of the 6,000 elementary pupils each day. Allen's order was upheld on the eve of his new HEW appointment by a state supreme court justice who claimed a new meaning for the words "educational opportunity." This phrase, said the judge, now means that there must be "a commingling of each racial and ethnic group in each community, regardless of financial background or social strata at an early age."

Upon being formally nominated to his new position last week, Allen did nothing to suggest a softening of his previous positions. He even went so far as to stress that he was "fundamentally" in agreement with the past commissioner of education, Harold Howe II, whose plans to achieve compulsory racial and economic integration in the nation's schools included massive busing, educational parks and the virtual elimination of neighborhood schools.

THIS WEEK'S NEWS



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Inside Washington

Allen's love for Howe was not exactly a surprise, however. Indeed, Allen's chief aide in implementing his own compulsory integrationist policies was one Theron Johnson, who became a special assistant to Howe in 1966. Also an advocate of busing and educational parks, Johnson plans to stay in his $25,000-a-year job to serve Allen once again.

Yet Allen's attitude on integration is not all that is disturbing. In the late 1950s, Allen put pressure on the city board of education to help eliminate an investigation into Communist teachers headed by assistant corporation counsel Saul Moskoff. Allen, further, is considered almost as responsible as John Lindsay for permitting racial militants to take over the schools in the Ocean Hill-Brownsville area.

The Allen selection, then, bodes ill for the Nixon Administration. Unless Allen can be hamstrung, HEW will be a far more activist department than Nixon—or its new secretary, Robert Finch—had led many to believe.

• Finch, moreover, is planning to stack his HEW bailiwick with additional liberals as well. Last week he named California Assemblyman John Veneman as his under secretary. Veneman, who describes himself as a "moderate liberal," will act as Finch's chief of staff in the $29,500 job. This week Finch is expected to name James Farmer, former director of CORE, to a major HEW position. Farmer, who lost his congressional race in New York City to Mrs. Shirley Chisholm, repudiated President Nixon in his race last November.

Congress Socks It to Taxpayers

Following the news that Congress had voted itself a healthy 41 per cent pay hike last week—just before adjourning for a nice 10-day vacation—*Human Events* received a number of calls from citizens who were positively enraged by the action of their representatives.

Voters from across the country were burning over the fact that members of Congress—even some of those who talk the loudest about inflation and balanced budgets—had stuffed their pockets with a $12,500 annual salary hike, boosting their yearly pay to the "poverty line" of $42,500. Congress also raised the salaries of Cabinet members from $35,000 to $60,000 a year, of associate justices of the Supreme Court from $39,500 to $60,000 a year and of the chief justice from $40,000 to $62,500. Federal judges and other executive officials received smaller, but sizable, pay hikes.

Sen. John Williams (R.-Del.), a leader in the fight against the pay raise, asserted the increases would eventually swell the already swollen budget another $4 to $5 billion a year.

While congressmen pleaded poor mouth and some, like Teddy Kennedy, insisted the boosts were necessary to ensure that not only rich men would be in a position to serve their government, some opponents remained unconvinced that a person would turn down a Supreme Court appointment, for example, because of the salary. Others stressed that to permit the increases—even if partially justified in some cases—was absolutely irresponsible in the face of the $25-billion deficit incurred last year, the continuing war in Viet Nam and the apparent willingness of Congress to retain the "temporary" 10 per cent surtax it stuck into the taxpayers' hide in 1968.

Indeed, even as Congress was voting itself a hefty windfall, it was simultaneously preparing to raise the ceiling on the national debt by several billion dollars.

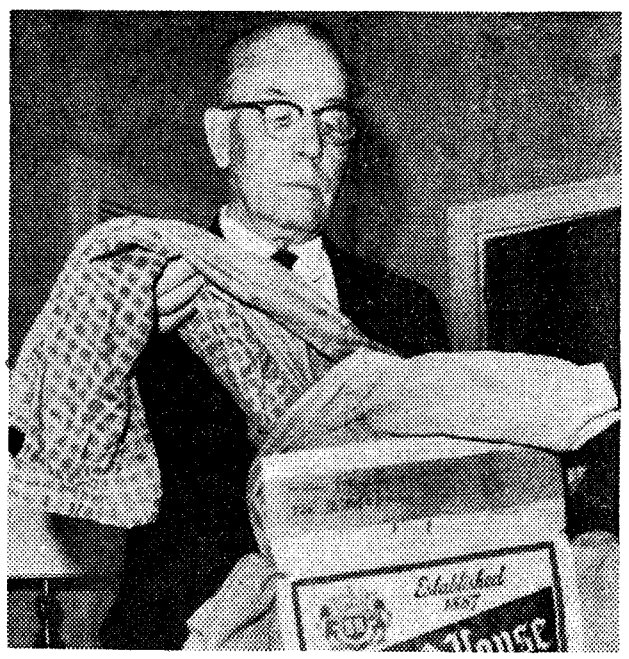
Since the pay hike would not take effect until February 14, many foes agreed with the tart observation of Missouri Republican Rep. Durward (Doc) Hall, who tagged the increase a "St. Valentine Day's massacre of the taxpayer."

Yet equally as upsetting as the hike itself was the craven way in which members of the House conducted themselves on the issue. While members of the Senate actually faced the fire of a rollcall vote (see below), the House refused to permit one. Twelve willful members of the House Rules Committee—during a closed-door meeting—vetoed Rep. H. R. Gross' proposal that would have compelled each lawmaker to cast a public vote on the pay raise.

The 12-to-3 committee vote—which was supposed to be secret but leaked out—came on a motion by Rep. Richard Bolling (D.-Mo.) to table, or kill, the Gross resolution. Voting against the Gross proposal in committee were the following: Democrats: Bolling (Mo.), Ray J. Madden (Ind.), James J. Delaney (N.Y.); Thomas P. O'Neill (Mass.), B. F. Sisk (Calif.), John Young (Tex.), Claude Pepper (Fla.), Spark M. Matsunaga (Hawaii), and William R. Anderson (Tenn.); Republicans: H. Allen Smith (Calif.), John B. Anderson (Ill.) and James H. Quillen (Tenn.).

The three committee members who conscientiously voted to put the Gross proposal before the House were William M. Colmer (D.-Miss.), Delbert Latta (R.-Ohio) and Dave Martin (R.-Neb.).

The failure of the Rules Committee to report out the Gross measure dealt the death blow to those fighting the pay hike. LBJ submitted his recom-



Rep. H. R. Gross, who called the pay increases "outrageous," received a "bundle for Congress" from Charles S. Pope of Pompano Beach, Fla. The used clothes were for distribution to the neediest congressmen.

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mendations for the pay increase on January 15. Under a unique legislative procedure, if either the House or the Senate had vetoed the recommendations the pay hikes would have been killed. When the Rules Committee, meeting the day after the Senate acted in favor of the increase, voted down the Gross proposal, the pay increase was virtually assured—and the taxpayers were assured of taking another licking from their representatives in Congress.

• In challenging the procedure which prevented a vote in the House, Rep. Gross scored Congress for having "unwisely and supinely delegated its authority over adjusting salaries of top government officials to a commission" in the federal salary act of 1967. Under this system, Gross stressed, there are no hearings, no debate, no justification for the pay hike.

"I should liked to have asked someone in the Nixon Administration," said Gross, "why President Johnson cut the Kappel Commission recommendation for an increase to $50,000 in congressional salaries down to $42,500. Is anyone else interested in knowing why this was cut? What was the justification? Can anyone on the floor tell me why it was cut to $42,500 and why were other commission-recommended salaries reduced? What compelled this? Silence, deep silence, greets all these questions." A number of other congressmen—even some who voted for the pay hike—seemed to agree with Gross on this. Thus, there may be a drive in the near future to force Congress to hold hearings on any further federal pay hikes.

• Following is the 47-to-34 rollcall vote by which the Senate on February 4 rejected the resolution by Sen. John Williams (R.-Del.) to kill the proposed pay raises. An "aye" vote is an attempt to trim federal spending:

FOR THE RESOLUTION: 34

DEMOCRATS (18): Allen, Anderson, Burdick, Byrd (Va.), Byrd (W. Va.), Cannon, Ellender, Fulbright, Gore, McClellan, Montoya, Muskie, Nelson, Proxmire, Russell, Spong, Stennis and Symington.

REPUBLICANS (16): Aiken, Allott, Boggs, Curtis, Dole, Dominick, Fannin, Hansen, Hatfield, Jordan (Idaho), Miller, Mundt, Prouty, Smith, Thurmond and Williams (Del.).

AGAINST THE RESOLUTION: 47

DEMOCRATS (26): Bayh, Cranston, Dodd, Eagleton, Ervin, Gravel, Harris, Holland, Hughes, Jordan (N.C.), Kennedy, McCarthy, McGee, McGovern, McIntyre, Metcalf, Mondale, Pastore, Pell, Randolph, Ribicoff, Sparkman, Tydings, Williams (N.J.), Yarborough and Young (Ohio).

REPUBLICANS (21): Baker, Bellmon, Bennett, Brooke, Case, Cook, Cooper, Cotton, Dirksen, Fong, Goldwater, Griffin, Gurney, Javits, Mathias, Packwood, Percy, Saxbe, Schweiker, Scott and Stevens.

Democrats paired for: Church, Hollings and Moss.

Republicans paired for: Hruska and Young (N.D.).

Democrats paired against: Jackson, Magnuson and Mansfield.

Republicans paired against: Murphy and Tower.

The Politics of Hunger

The Senate Rules Committee has dealt a setback to a group of Senate liberals bent on exploiting "the politics of hunger." Last week the committee whacked $100,000 from the budget request of the Select Committee on Nutrition and Human Needs, created largely at the urging of Senators George McGovern (D.-S.D.) and Edward Kennedy (D.-Mass.) to investigate the problem, "Is there hunger in America?"

"This is a sad day for hungry people," lamented Chairman McGovern when told his committee's budget had been sharply cut. It was hardly that, as McGovern—who admitted to being a "biased investigator"—and Kennedy had already been stymied in previous hearings in attempting to find a pattern of nationwide starvation.

One major reason for their frustration is the zealous probing of fellow committee member Sen. Allen Ellender (D.-La.). Ellender, a member of the Senate Agriculture Committee for 32 years, believes that what malnutrition does exist is primarily a result of poor nutritional education and told *Human Events* that the liberals' suspicions were "highly exaggerated."

In questioning Department of Health, Education and Welfare nutritionist Dr. Arnold E. Schaefer, who was considered a witness friendly to the McGovern-Kennedy thesis, Ellender commented on the hunger question: "Personally, I feel a good deal of it is due to lack of knowledge on the part of mothers. I'm sure some is due to inability to buy foods. Would you say that a good deal is due to lack of knowledge in mothers and fathers?"

"A good deal of it is indeed due to lack of knowledge," conceded Dr. Schaefer. He added that this lack of knowledge was "closely related" to lack of income, but Schaefer had still undermined the liberals' proposition that massive government food and health programs, rather than improved nutritional education, is the solution.

Another witness produced by Chairman McGovern was Dr. Walter Unglaub, medical dean at Tulane University, who had examined some 3,000 children in Louisiana Head Start programs for signs of serious malnutrition. Under Ellender's questioning, Dr. Unglaub revealed that only two children out of the 3,000 could be considered to be actually "starving," and these because of causes unrelated to lack of food; many of the others, Dr. Unglaub argued back, could be said to be suffering from something he termed "hidden hunger."

However, after continued probing by Ellender, Dr. Unglaub finally agreed that ignorance was a "major factor" in the nutritional problems he found in this Louisiana study.

Such findings do not deter Senators McGovern and Kennedy in the least. The South Dakota senator says he is "sure that there [is] hunger and malnutrition" in this country, citing as one piece of evidence a 1968 CBS network documentary purporting to show malnutrition on a wide scale in the U.S.

It did not seem to bother McGovern that officials from those counties where CBS claimed to have uncovered this starvation vigorously denied the charges of neglect, and deluged the network's New York headquarters with telegrams of protest. Also, immediately upon airing of the CBS film, the then secretary of agriculture, Orville Freeman, himself a hunger buff, strongly registered his dissent from the program and demanded equal time for a rebuttal; the network cavalierly refused.

So, the Senate liberals are pushing ahead with their investigation. Despite the Rules Committee's action last week, the McGovern committee will still have $150,000 with which to pursue the "hunger question." The cut means that the select committee will have to reduce its proposed field surveys from 12 to 6 and forsake plans to hire consultants to examine federal government food aid programs.

One indication of why McGovern is so vigorously pursuing this cause was provided *Human Events* by one of the senator's aides. McGovern, said this assistant, is considering proposing nationalization of the public welfare system by establishing uniform standards for health and nutritional care. In fact, the aide elaborated, McGovern might design a map of the United States, placing a circle around each community with a "good" health program and a square around those with a "bad" program.

Another insight into the advocacy of the "hunger crusade" revolves around the year 1972. McGovern was a late-blooming presidential candidate last year and still speaks immodestly of White House residency for himself; Sen. Kennedy's ambitions, likewise, are scarcely a secret. And both these astute politicians realize that an "anti-hunger" platform is foolproof since no voter wants to be accused of being in favor of hunger.

New GOP Legislative Clout?

Conservatively oriented House Republicans are expected to launch an organization in February that will help the GOP leadership deliver the votes on important legislative issues confronting Congress.

For years only in the talking stage, this proposed group—which may call itself the Republican Regulars—hopes to prevent a growing number of Republicans from bolting to the liberal Democrats on crucial policy matters. It may also decide to push for special legislation of its own. A major aim of the organization would be to act as a counterweight to the liberal Wednesday Club—led by such Eastern Establishment Republicans as Reps. Bradford Morse (Mass.) and Ogden Reid (N.Y.).

Some 12 to 15 House Republicans have been meeting regularly to discuss the formation of the organization, but this nucleus believes that the group will be broadened to include at least 50 to 80 House members.

Among those who have been actively participating in the talks are Representatives John Ashbrook (Ohio), Don Clancy (Ohio), Sam Devine (Ohio), Durward Hall (Mo.), John Hunt (N.J.), Carleton King (N.Y.), John Kyl (Iowa), William Scherle (Iowa) and Robert Watkins (Pa.).

Rep. Ashbrook, chairman of the American Conservative Union (ACU), has been pushing for the establishment of such a congressional group for several years, though he would like to see it more tightly organized than is now being contemplated. "We've been lethargic and we admit it," Ashbrook says of those who adhere to the group's philosophy, "but I think you'll find us a sleeping giant."

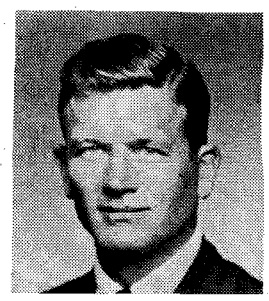
Rep. Devine, who favors a more loosely organized group than Ashbrook, says: "We don't consider ourselves necessarily conservatives, but we do represent the mainstream of Republican thinking." Devine also thinks, "We'll do more to assist the leadership of the Republicans than to resist it."

What has helped spur this group into existence has been two explosive reports issued by Ashbrook's ACU revealing that on key issues before the House some 30 liberal Republicans have consistently strayed from the GOP position to hand the Democrats the margin of victory.

Many observers feel the growing number of DMV votes results from a lack of pressure by the House GOP leaders against recalcitrant liberal Republicans. The forthcoming "Republican Regulars" or "Conservative Caucus" will attempt to correct this situation.

Conservative Threat to Lindsay

Three years ago the liberal press was picturing John Lindsay as an all-but-certain presidential nominee. Today, his political standing at an all-time low, Lindsay will have difficulty winning renomination for a second term as New York mayor.



LINDSAY

One Republican, freshman Assemblyman Vito Battista, has already announced his candidacy for the GOP mayoral nomination. And a second, far stronger opponent is reported ready to enter the race.

He is State Sen. John Marchi of Staten Island, a respected legislator and proved campaigner. Marchi, who says publicly that he is "leaning toward running," would be a potent candidate.

Well known as chairman and key member of the Senate's committee on city affairs, Marchi directed the legislative probe of Mobilization for Youth, the Communist-infiltrated anti-poverty program.

Gotham observers feel that Marchi would have no difficulty winning the support of the increasingly important Conservative party. "We backed Sen. Marchi four times in the past," said party chief J. Daniel Mahoney, "and we might again if he makes the race."

Marchi would have considerable appeal to the city's Italian-American voters. A sharp critic of Lindsay's disastrous attempts at school decentralization, Marchi could also expect support from normally Democratic Jewish voters.

• New York Republican Sen. Charles Goodell is currently in Africa, supposedly to take a "first-hand" look at the tragic Nigerian civil war. But Goodell's wife has revealed that the senator also plans to return home with a Biafran refugee child which they hope to adopt; "We all want a girl, it's our first choice," says Jean Goodell. The senator even carried in his luggage a large beach towel, said his wife, with which he intends to swathe the child and carry it out of secessionist Biafra on a mercy flight. Appointed to fill out the term of the late Sen. Robert Kennedy, Goodell apparently has found Kennedy a tough act to follow. He is also up for election in 1970.

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Interview Columnist

Pro-Soviet Czech Officials Are Wary of Nixon Contingency Plans

By PAUL SCOTT

Pro-Soviet officials in the Czechoslovakian government are showing private alarm over President Nixon's decision to review U.S. European policy including contingency plans to deal with a Hungarian-type revolt should one erupt in Czechoslovakia.

Since Nixon's policy review was first reported last week (page 5), Jaromir Pribyl, first secretary of the Czech Embassy here in Washington, has been rushing around Washington on direct orders from Prague trying to determine what is behind the President's surprise move.

Pribyl's assignment is to determine whether Nixon plans to change the Johnson Administration's hands-off

Columnist Paul Scott (above), in interviewing Czech diplomat Jaromir Pribyl, discloses that the Red Czechs are very curious as to Nixon's possible reaction to a new Czech revolt.

policy toward Czechoslovakia which the new President inherited.

The assumption of both Prague and Moscow—until last week—had been that Nixon would continue Johnson's policy which has given the Russians a free hand to position its military forces in this strategic East European country.

With the United States still deeply involved in the Viet Nam war, the Kremlin policy-makers and their Prague lackeys were convinced the United States would not offer any type of help to the Czech people in their efforts to obtain more freedom.

By ordering his surprise review of contingency plans, Nixon cast a cloud over these Communist assumptions. For the first time in months, Prague and Moscow have been left guessing what the United States might do should fighting break out in Czechoslovakia.

This bit of psychological warfare by Nixon—whether planned or accidental—appears to have privately shaken the Communist leadership and left them unsure of future U.S. reaction.

The Communist fear of a possible change in U.S. policy was clearly indicated during a requested meeting Pribyl had with this writer the day after the column revealing Nixon's call for a policy review appeared in print.

According to reliable security sources, Pribyl had received instructions from Prague to gather all information possible about the new Nixon move after a Czech official in New York had read the column and transmitted it to the Czech foreign office.

In our meeting at the Capitol, Pribyl spent more than an hour questioning me on the column and whether I thought there was any chance that Nixon might adopt a more militant policy toward opposing growing Soviet intervention in his country.

When I reported that it was my judgment that the coalition of people that elected Nixon expected him to take a firmer stand against the Russians, Pribyl stated that this wasn't his government's impression. He cited public statements by Nixon and Dr. Henry Kissinger, his foreign policy adviser, to make his point.

Pribyl, regarded by U.S. security officials as one of the Soviet bloc's top intelligence operators in Washington, repeatedly asked if there were any Nixon advisers who favored military intervention if there was an uprising in his country.

In parrying these questions, I pointed out that because of Czechoslovakia's border with West Germany it was my opinion that the United States and its NATO allies could not stand aside and permit the Russians to slaughter the Czech people if that country becomes a Hungary.

Pribyl, who frankly admitted he favored the recent Soviet military intervention, then wanted to know if any of Nixon's advisers had ever expressed this point of view to me.

My comment was that I had checked on his (Pribyl's) background and felt that he had the intelligence capabilities and contacts to eventually find out that answer on his own.

Pribyl also questioned me about whether the U.S. military maneuvers in West Germany had any connection with Nixon's decision to review contingency plans for Czechoslovakia. When I said I could not answer that question, Pribyl described the maneuvers as provocative because of their nearness to the Czech border.

Significantly, Pribyl admitted that an estimated 35,000 Czechs had fled during Russia's military invasion last August. However, he claimed that about 10,000 of these persons already have returned to Czechoslovakia.

While admitting that the situation inside Czechoslovakia was still very tense and uncertain, Pribyl contended that there would only be an uprising if stirred up by the West. He contended that any revolt would be immediately crushed.

Pribyl's estimate was very different from that of Emil Zatopek, the Democratic-minded Czechoslovak Olympic gold medal athlete who fled the Soviet invasion.

"If the Russians continue to try to impose their will on the Czechoslovakian people," Zatopek reported, "the population will defend itself. It will fight with everything which is available—with sticks, stones and fists."

Czech refugees, who are forecasting a major uprising in their country this spring or summer, want the Nixon Administration to be ready to help the people of Czechoslovakia.

Encouraged by Nixon's decision to review the contingency plans toward Czechoslovakia, the refugees are urging Nixon to use his upcoming tour of Europe to encourage NATO support for their new fight for freedom.

They are now contacting GOP members of Congress asking them to urge Nixon to champion their cause to show that the U.S. still stands for freedom of all persons behind the Iron Curtain.

Nixon's reaction to the pleas of these refugees could be the most important decision made by a Republican administration since former President Eisenhower decided to do nothing to help the Hungarians when they revolted in 1956.

★ ★ ★

The Senate Permanent Investigating subcommittee is preparing to turn the congressional spotlight on the increasing violence of the nation's two most militant youth organizations.

Headed by Sen. John McClellan (D.-Ark.), the Senate probers plan public hearings in March on the nationwide activities of the Black Panthers and the Students for a Democratic Society.

The two-pronged inquiry was ordered by Sen. McClellan after his subcommittee obtained evidence that the two groups were actively arming street gangs and organizing high school students to ferment revolutionary conditions in major U.S. cities.

The subcommittee investigators are now studying a Chicago police report revealing that a San Francisco leader of the militant Black Panthers conducted a series of meetings there and in other large cities to push the recruiting of street gangs into the organization's guerrilla army.

Recent attacks on police and police stations by SDS members in the Midwest are also being probed by the subcommittee to determine if a new pattern of violence is emerging.

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If We Want Real Tax Reform...

By HARLEY L. LUTZ

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Over and above tax proposals likely to be made by the new Administration, here are some huge inequities in the present tax system as seen by one authority.

A chorus of politicians, economists and laymen have come to think our progressive income tax rates, supposedly based on the ability to pay, is justice itself.

The fact is, federal progressive taxation falls miles short of being fair or just. In addition, it tempts the budgeteer and central planner into daring excursions to regulate the economy and redistribute wealth.

With the prospect of a great debate over the extension of the tax surcharge as well as mounting criticism over so-called tax loopholes and tax administration, it is time to take a cold look at the whole concept of progressive taxes, the keystone of American taxation.

The history of income tax rates suggests that Americans must have a fuzzy, or a very elastic, notion of equity. The top rate of tax and the income level at which that rate is imposed have varied widely since the income tax became law in 1913.

In 1964 the top rate was reduced from 91 per cent to 70 per cent, yet certainly there was no outburst of popular indignation to indicate violation of a goal of equity. Undoubtedly there would be expressions of delight rather than dismay if the rates were reduced again.

There is no scientifically correct scale of progression to serve as a focal point for the supposed American notion of equity, and about all the idea of progressive taxation seems to mean is that the average American is satisfied as long as there is some progression because he has been told so often that this is taxation according to ability to pay.

The current view, widely held, is that equity requires tax payment in a progressive (an increasingly higher rate of tax as taxable income rises) rather than a proportional relation to income (the same rate on rising income).

In this context, ability to pay means possession of income and the power to dispose of it for any purpose. It is true that the recipient of a large income may not need all of it for his personal or family support, but this has nothing to do with the economic arithmetic. He can be compelled to pay more than a proportionate part of his income as a tax, but the only justification rests on some political, moral, sociological or socialist ground, not on ability in the economic sense.

Even if ability to pay increased faster than income—progressive tax rates suggest—the most logical relationship would be a small relative increase through the lower income range and an acceleration of ability as income rises to its highest levels. That is, say, from $20,000 to $100,000 rather than from $1,000 to $20,000.

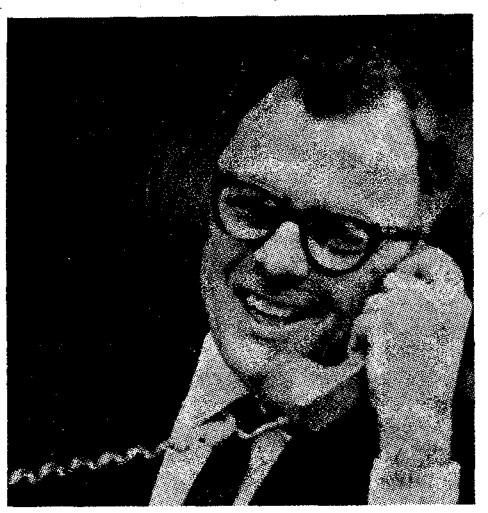
From this it would follow that a tax rate scale designed to impose taxes according to this presumed relation of ability to pay to income would provide moderate rates and a slow rise of progression through the lower incomes and a rapid increase as incomes mounted to the higher levels. The congressional practice, however, has been exactly the reverse.

For simplicity, take the 1966 rates for single persons, which is the basic scale. The single-person rates begin at 14 per cent on the first $500 of taxable income and rise to 70 per cent on income above $100,000. This is a spread of 56 percentage points. Half of this spread, or 28 percentage points, added to the initial rate, would be a rate of 42 per cent. This 42 per cent rate is imposed at the taxable income bracket $16,000-$18,000.

In other words, the tax law assumes that ability to pay rises as rapidly through the first $16,000-$18,000 of taxable income as it does through the next $82,000-$84,000 of income up to $100,000.

Disregard of ability to pay in the federal progressive tax rate scale can be illustrated in another way. Note the tax impact on a given income in the course of a year.

Assume that you have a monthly income of such amount that, after deductions and exemptions, your taxable income is $2,000 a month. You would



Texas GOPer Paul Eggers, who lost a close race for the Lone Star State governorship last year, is expected to head the Internal Revenue Service.

pay tax in quarterly installments but tax liability would accrue month by month at the following rates:

Month	*Income*	*Per cent rate*	*Tax accrual*
Jan.	$2,000	15.5*	$310
Feb.	$2,000	19	$380
Mar.	$2,000	22	$440
Apr.	$2,000	25	$500
May	$2,000	28	$560
June	$2,000	32	$640
July	$2,000	36	$720
Aug.	$2,000	39	$780
Sept.	$2,000	42	$840
Oct.	$2,000	45	$900
Nov.	$2,000	48	$960
Dec.	$2,000	50	$1,000

**Average of rates on first four brackets.*

So, under this practical illustration of progressive rates, your ability is assumed to increase steadily and rapidly through the year, although the income flow is uniform month by month. If a rate of 15.5 per cent is a proper levy on the ability indicated by the January income, a rate of 50 per cent on December income, which is the same amount, makes no sense at all. Such tax treatment should shock every American's notion of equity, instead of satisfying it.

The answer of the Treasury and the tax-writing committees of Congress has always been that steep progression for people at the lower part of the income scale is necessary to get the maximum revenue because the bulk of taxable income is in the lower tax brackets.

This is an honest explanation. But it should be accompanied by an equally frank admission that equity had been sacrificed for revenue.

It is generally recognized by lawyers and accountants that much of the controversy between taxpayers and the Internal Revenue Service stems from the progressive rates.

The timing of receipts and expenditures, conversion of ordinary income into capital gain and withholding of dividends to avoid surtax are some of the areas where progression causes argument and litigation. Extensive use of information returns has narrowed the income area where direct investigation of receipts would be necessary and a major field of audit inquiry is deductions claimed. Extreme reliance on the income taxes creates pressure to collect as much as possible and revenue agents sometimes become overzealous in pursuit of extra dollars of tax.

Since the progressive tax system is a source of much controversy and since, as applied, it is a violation of equity, the need for fundamental reform on the basic structure of the income tax eventually will be recognized. In anticipation of this happy event the following two proposals are offered:

- Eliminate progression.

Full consistency in income tax reform would involve complete elimination of tax rate progression and substitution of a flat rate of tax across the board. It could be levied either at one rate on adjusted gross income or at a different rate on net taxable income.

Precedent for the former method is provided by the Federal Insurance Contribution Act. This is the Social Security tax law under which wages in covered industries, up to a specific level, are taxed at a flat rate without benefit of deductions or exemptions. The wage ceiling and the rate have been raised periodically, but there has never been criticism of this tax on theoretical or practical grounds because of its lack of progression.

Here is a method of collecting a substantial sum that is diametrically opposed to the method employed in raising federal revenue for other purposes. Evidently, this method also satisfied the American's uncertain notion of equity.

- Go back to original pattern.

Another reform option would be reversion to the rate pattern of the 1913 Income Tax Act. This act put a flat rate of tax on the bulk of taxable income and the large majority of taxpayers. Tax rate progression applied only to the largest incomes at the upper end of the income scale, where it was thought to involve least harm and administrative difficulty.

Not that we should revert to the actual rates of the 1913 act. But the law did establish a tax rate pattern worthy of serious reconsideration. Some would prefer it over complete elimination of progression for practical reasons.

It retains token progression on the relatively small number of large incomes and the normal rate could be determined by budget needs. The beneficial result would be to avoid excessive taxation of incomes received by both the mass of the workers and by the large group whose managerial and other services in industry, commerce, and the professions are of vital importance to the continued growth of the economy.

Audit of returns would still be necessary but the area and intensity of controversy would be greatly diminished. The temptation to evade would not be so attractive because the tax advantage would be less under a flat rate.

In addition to being a closer approach to genuine equity in taxation, this tax rate pattern would make possible more saving for capital formation, the need for which is worldwide.

We have been well brainwashed into acceptance of the doctrine that government can best develop and improve conditions both at home and abroad and, hence, that expendable resources should be transferred to government through heavy taxation.

Government grants don't encourage a recipient to better his condition. In contrast, the investor must have a return, so this provides a drive to get results.

The seeming ideological bias against individual success and reward, expressed in progressive taxation, has promoted this disastrous shift of dollars from the individual to the government.

We should abandon the idea that government should support the economy and the people and return to the doctrine that the economy should support the people and the government. A necessary step in this reversal is to eliminate the penalizing and corrupting influence of tax rate progression. At least we should relegate it to a minor role, as was done when the income tax started.

The principal objection to these proposals, from the standpoint of the so-called New Economics, is that they would change the income tax back to the status of a levy for revenue and deprive the central planners of a tool for manipulating the economy.

Surely this would be the result of eliminating or greatly minimizing tax progression.

An alleged virtue of our progressive tax system has been that receipts shrink in a business downturn, thereby hastening the time when deficit financing becomes necessary. Under this doctrine budget instability—running in the red—is regarded as a panacea for all economic and fiscal ills.

However, the record of recent years has exposed its fallacy. Deficits and debt have not been cure-alls. And we have not yet become prosperous enough to get rid of huge deficits despite phenomenal economic growth.

The only proper function of income tax, as of all other taxes, is to provide revenue for public use. Tax rate progression hinders this main purpose by tempting the political policy makers into such side trips as managing the economy and redistributing income. Neither is germane to the primary service of governing.

Mr. Lutz is professor emeritus of public finance at Princeton University.

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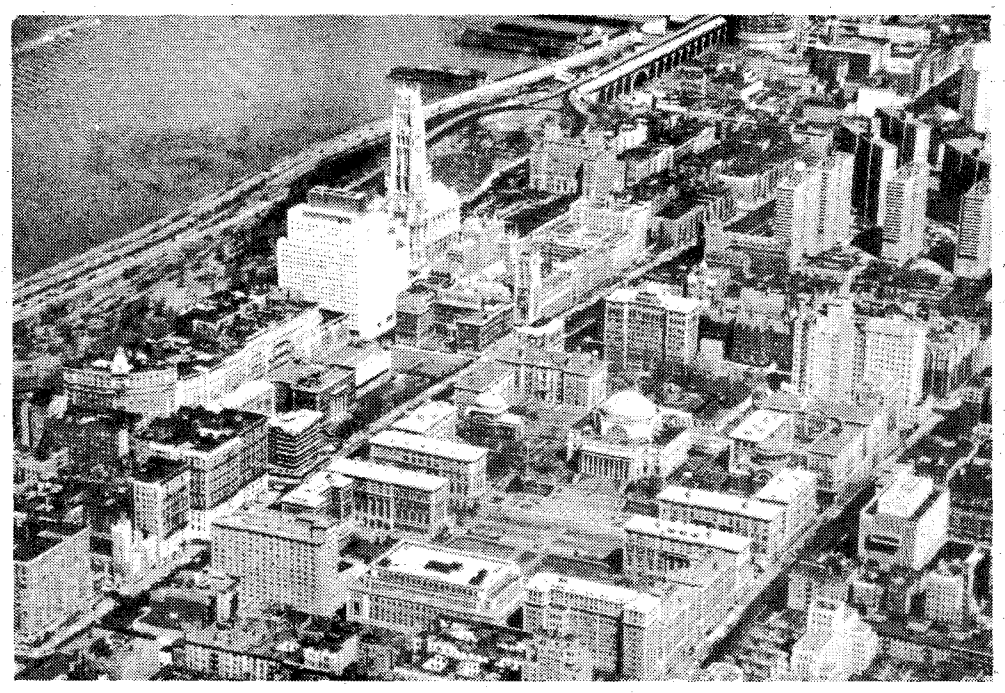

Columbia University, which has had its share of turmoil lately, now faces a challenge of a different kind—from students who want education without hindrance.

Students Sue Columbia

How Not to Mess Around

From the Richmond *News Leader*

At Columbia University, contrary to what many persons believe, not all the students have shinnied up the flagpole of inanity. In fact, there still are 12 students who are sufficiently in control of their wits that they have decided to take on the school's board of trustees. They are not planning to use the currently popular methods, however; no, they intend to take the trustees to court.

The 12 have enlisted the services of a distinguished lawyer—Mr. Alfred Avins—and, in the State Supreme Court of New York, have brought suit against the board of trustees for breach of contract.

The suit calls upon the court either to appoint a new board of trustees, or to name a board of monitors "to safeguard the interests of non-radical and conservative students."

In the suit, the students charge that the disruptive outbreaks of Columbia last spring were caused (a) by the board's vacillating and lenient attitude toward campus radicals; and (b) by the board's pro-leftist bias in hiring members of the faculty.

They contend that the board's failure at that time, and since then, to maintain a "state of tranquility" required for study and teaching, constitutes a breach of contract for which the trustees must be held accountable. The suit also holds the board responsible for the fact that

> as a result of the unavailability of conservative professors and the unremitting left-wing slant of all courses of political, social, economic and other current nature offered by Columbia University, a large number of impressionable students have been radicalized and turned into fanatic devotees of left-wing causes, who are unable to appreciate points of view differing from their own and unwilling to respect the rights of students who disagree with them.

As the saying goes, at Columbia they don't mess around. The potential consequences of the suit are endless: If the 12 should win their case—which is unlikely—other groups of students at other colleges could sue their respective boards of trustees for not fulfilling their contracted obligations. But the 12 are on to a correct line of reasoning, especially as far as the unavailability of conservatives on faculties is concerned: At many colleges, conservatives are discriminated against come hiring time, and existing conservatives on the faculties are systematically expunged. The methods employed at Yale, for example, would make Savanarola blush. So this is one way to put boards of trustees on notice.

In *Sturges vs. Crowninshield*, John Marshall defined a contract as an agreement "which binds the parties to perform their undertaking." Having enrolled at Columbia, and having paid their tuition and fees, the 12 rightly argue that they and the trustees—who are charged with operating the university—have entered into a contract.

"The defendant trustees," the 12 say in their suit, "have completely failed to exercise their disciplinary authority over students and faculty guilty of participating in or complicity in [recent] outbreaks, but instead have abdicated their authority and responsibility to committees of left-wing faculty and students who have refused to take any effectual or meaningful action."

The 12 have a point. In making their point they are carrying to a logical conclusion the cry for student participation in university affairs; but instead of running riot over their campus and indulging in Neanderthal brutalities, they have chosen to do battle in the courts.

Their case makes sense: If you contract to purchase an education, and if the authority with whom you contract does not deliver, then you ought to have recourse to some higher authority. As things now stand at Columbia, conscientious students are not getting the education they pay for. So if the trustees of Columbia University cannot make good on their contracts with conscientious students, then the trustees ought to be replaced. That would be the most sensible way not to mess around.

The 'Sensitivity Training' Rage

By RUSSELL KIRK

A quasi-educational oddity called "sensitivity training" has become a subject of controversy in school districts across this country—particularly in those suburban schools addicted to progressivism and uncomfortable with intellectual discipline or any other sort of discipline. Does our age really need more sensitivity? Might not common sense be more valuable?

In Evanston, Ill., very recently, a teacher was persuaded to cease carrying on sensitivity training for his pupils in private houses after school hours. He had received three weeks of training in these techniques and so apparently considered himself a competent psychologist, philosopher and educational reformer.

This Evanston teacher's sessions were sufficiently typical of the milder methods employed by the sensitivity-zealots. The participants, juvenile or adult, play curious parlor games, supposed to teach them to communicate emotionally with everybody else and perhaps to give them better self-understanding. Bodily contact and "shock" language are basic tools toward becoming sensitized.

Participants, at Evanston and many other places, crawl about the floor wrapped in sheets, identifying one another by touch; or they stand face to face, pass loaves of bread around a circle and engage in other activities appropriate enough for two-year-olds.

Sensitivity training doesn't cease at the elementary Evanston level, however. General disrobing and free fondling of one another at sessions seem common enough at certain California soirees of this sensitivity sect. Still less attractive except to mentalities of a certain cast are the "group criticism" sessions, interestingly suggestive of methods developed by Mao's Red Guards: participants are exhorted to public confession, are encouraged to denounce one another and are expected to participate in slanging-matches, during which everyone hurls abuse, in whatever terms come to his mind upon his neighbors.

What splendid togetherness! Nothing is left private, nothing sacred. We're all intellectually and morally—and perhaps physically—naked together. How sensitive we grow!

Most of this cult's activities are founded upon teachings that emanate from an eccentric establishment at Big Sur, Calif., called the Esalen Institute. At Big Sur, for $145, a couple of votaries can enroll in a 24-hour course denominated as "Couples and Lovers' Marathon." Also one may enroll in Reincarnation, Tantric Yoga, Humanistic Mysticism, Trance and Dance. The vice president of this outfit is an editor of a mass-media picture magazine, who recently published an odd book called "Education and Ecstasy"—a volume in which the silliest notions of Jean Jacques Rousseau are made relevant to our own silliness.

In general, one may describe sensitivity training as a form of induced hysteria, meant to break down norms, manners and the traditions of civility. Some eminent psychologists and psychiatrists already have said emphatically that such approaches can do infinte harm to certain young people. The sensitivity cult is outspokenly anti-intellectual; now and again one thinks of the Nazi "strength through joy" fun and games.

So if such projects for the instant attainment of "ecstasy" are brought forward in your school district, friends—why, be sensitive to the perils and sensible about the curriculum. Where the rising generation is concerned, be not one to suffer fools gladly—especially teaching fools and administrative fools.

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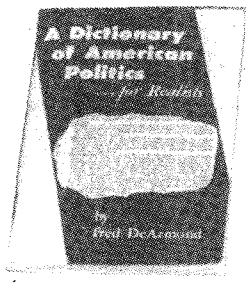

The liberals have prescribed most of the terms by which the Great Debate of Politics is conducted. It is only through words that politics is understood and made intelligible. Fred DeArmond's 48-page DICTIONARY OF AMERICAN POLITICS FOR REALISTS redefines, often in witty epigrams, many of the most commonly corrupted terms such as "Social Justice," "Extremist," "Due Process," "Ghetto," "Academic Freedom," "Prosperity Gap." (Paperback).

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Behind the Statistical Juggling

That LBJ Budget 'Surplus': A Mere Mirage

By SEN. JOHN WILLIAMS (R.-Del.)

In presenting his budget message to the Congress on January 15 this year, President Johnson predicted a $2.391-billion surplus for the fiscal year ending June 30, 1969, and a $3.414-billion surplus for fiscal 1970. Both figures were based on the assumption that the 10 per cent surcharge will be extended another year.

These projections of budget surpluses are but a mere mirage.

They are based upon certain false assumptions and a manipulation of the figures, for the appropriation for the Commodity Credit Corporation, when

Sen. Williams, a longtime advocate of economy in government, points out some very real discrepancies in the LBJ budget.

taken into account, actually leaves us with not a surplus but a sizable deficit for both fiscal 1969 and 1970.

On page 15 are two tables giving a breakdown of these calculations, first for the fiscal year 1969, followed by a breakdown for fiscal 1970.

First, let us accept the assumption that the 10 per cent surcharge will be extended another year, then let us examine fiscal 1969. As the chart shows, the $2.4-billion projected budget surplus for this year is arrived at by counting as normal government revenue $9.3 billion accumulated trust fund receipts.

When these trust funds are eliminated we find that there will be a deficit for fiscal 1969 of $6.9 billion instead of the surplus of $2.4 billion as claimed.

By no line of reasoning can the various trust funds be included as normal revenue for the purpose of defraying the daily operating expenses of the government and thereby reducing reported budget deficits. These trust funds represent taxes paid by the employer and employe and the government acts only as the trustee for these funds.

The fact that the law requires that these trust funds be invested only in U.S. government bonds does not mean that for accounting purposes they can be commingled with other government moneys.

Under the law no administration and no Congress can divert these trust funds to defray the normal operating expenses of the government.

Now let us examine the chart for fiscal 1970, again assuming that the 10 per cent surcharge will be extended another year.

Here again we find certain false assumptions and a manipulation of the amounts charged as appropriations to the Commodity Credit Corporation.

For example, in fiscal 1970 we find total trust fund receipts listed as $58.693 billion against trust fund expenditures of $48.431 billion, or an accumulated reserve of $10.262 billion. This $10.2-billion trust fund reserve is counted in the budget as though it were normal revenue for the purpose of reducing the reported deficit.

Significantly this $10.2-billion accumulation in trust fund receipts for fiscal 1970 is based upon the uncertain enactment of President Johnson's request for a $1.7-billion increase in Social Security taxes effective Jan. 1, 1970. Seven hundred million dollars of new revenues shown in the fiscal 1970 budget are based upon the assumption that Congress will enact President Johnson's proposed increase in transportation taxes plus the advancement of the payment dates of unemployment taxes.

President Johnson in his budget message has asked Congress to raise first-class postage rates from 6 to 7 cents effective July 1, 1969. This would account for $519 million in new revenue counted upon to reduce his projections for fiscal 1970.

The manipulation of $2.7 billion in the Commodity Credit account is broken down and shown as footnote (d) on the chart for fiscal 1970 (see page 15), which was made a part of the record earlier.

The Budget Bureau has tried to explain this $2.7-billion discrepancy in the Commodity Credit accounts on the basis that they are now dealing with a cash budget and therefore appropriations to cover CCC losses incurred in prior years should not be charged to fiscal 1970.

That argument would be valid had not the previous Administration been ignoring these losses in prior years.

As far as Congress and its appropriations committees are concerned and as far as the American taxpayers are concerned, the $1,057,047,170 unrestored realized loss for Commodity Credit Corporation in fiscal 1961, the $2,210,668-971 loss in fiscal 1967, and the $3,198,-216,528 loss incurred in fiscal 1968 have never been recognized. The comptroller general over the years has consistently criticized the Johnson Administration on this point.

These losses were financed by the CCC with borrowings from the federal treasury, and when Congress appropriates the $6.2 billion as requested in fiscal 1970 to repay these loans, then that amount further increases our deficit.

The fact that these losses of earlier years should have been included in deficits shown for those years does not alter the fact that their belated recognition represents a deficit today.

Before the Budget Bureau can convert to a unified or a cash budget, they must recognize these previously incurred but unrestored losses. To proceed otherwise would mean that, as far as the taxpayers are concerned, there would never be a public accounting for the $6.2 billion in unrestored losses of the years between 1961 and 1968.

The Treasury Department would never allow any taxpayer to convert from an accrual to a cash basis for reporting his taxable income without taking into consideration the "notch" or necessary adjustment for the change-over to prevent unreported taxable income. The U.S. government should abide by its own rule for private industry.

How can Congress appropriate $6.2 billion in fiscal 1970, yet only have $3.5 billion of this counted in the budget? Or to carry this point further, the budget officials admitted that under this new formula Congress could even add another $4 billion to the 1970 appropriations to cover the estimated losses for CCC in fiscal 1969, or a total of $10.2 billion, and under this formula it would not change their projected surplus or deficit at all.

Just imagine accepting an accounting formula whereby Congress can appropriate $3, $5, or $10 billion to this agency and then be told the increased figures would not affect or change the budget total one iota. What flexibility!

That is an absurd argument and one I cannot accept; therefore, I have included the $2.7-billion discrepancy in the CCC accounts when arriving at the projected deficit for fiscal 1970 of $10.7 billion.

This means that, instead of having a surplus in those two years of $2.4 bil-

(*Continued on page 15*)

How Bureaucrats Threaten Congress

In discussing expenditure controls on the floor of the Senate, John Williams mentioned several examples of bureaucrats' attempts to prevent any cuts in their departments' payrolls:

I complimented President Johnson when he said we had to control spending and reduce the overstaffed federal bureaucracy. He admitted we had too many employes on the payroll and said he wanted to roll them back. Instead, they kept increasing, so I introduced a bill to write his promises into the law. . . .

We wrote into this provision an over-all ceiling on federal employment. They did not have to discharge a single employe, but they would hire only three out of four resignations and retirements. This would gradually bring the total down to the July 1, 1966, level.

Upon the suggestion of the director of the budget, Mr. Zwick, we worded this provision to give him complete discretionary authority to make these cuts in agencies where they would least disrupt the public service, which was exactly what President Johnson had proposed in his Executive Order—an Executive Order which was never carried out until we wrote it into law.

With all the hullabaloo we heard that Social Security checks would not be mailed out due to the restrictions on employment and expenditure controls the package which Sen. George A. Smathers (D.-Fla.) and I introduced became law, it is interesting to note—and the department later confirmed it—that our amendment never affected a single employe or expenditure of the Social Security Administration.

They later admitted that that was an imaginary argument.

Again, about the last week of July 1968, when we were voting in the Senate on the appropriation for the Post Office Department, the postmaster general came here and said they were going to shut down the mail service unless his agency were exempted. In fact, he seemed so desperate some wondered if they were out getting options on some ponies to reinstall the Pony Express.

They threatened to shut down much of the mail service if we did not exempt them from any control. I resisted, but the Senate did exempt the Post Office Department, and that great catastrophe did not develop.

I found out a few weeks later that in the last week of July, on the very day that the postmaster general was threatening to shut down the mail service if the Senate did not capitulate and exempt his agency, the department actually had some 20,000 more employes on the payroll than it had the first day of June, three months prior thereto. They had been padding their payroll, getting ready for a rollback.

I become a little impatient with these bureaucracies. Perhaps many of these people never had to go out and meet a payroll. They do not realize how hard the taxpayers have to work to pay these taxes. All they want to do is talk about how they can spend money; and they seem to think it is a crime if someone suggests that they save a dollar.

I would like to point out again . . . the blackmailing tactics used by some of these spendthrift bureaucrats who know nothing but how to spend money. I am not criticizing the employes in the field.

I refer to page 495 of the President's budget of this year. The Department of the Interior on July 1, 1968, had 61,186 employes on public payroll, including the Park Service. The projection is that at the end of 1969 they will have 59,580 employes under this cutback, or a reduction altogether in all of the Department of the Interior, all the agencies, of 1,606 employes. Surely they can absorb many of these in the Washington office.

As I understand the situation, what they are threatening to do is to shut down the parks in America and put them on a five-day week, expecting that Congress will get a lot of complaints from constituents and then hope to get their agency exempted.

As was pointed out by one of the officials, the parks to a large extent are manned by employes on an annual salary, and if they shut down the parks for two days a week, how would this represent any saving?

I say it is a part of the tactics where they single out the most popular part of their services to create the most disruptions. Significantly, they fail to cut any of their overstaffed bureaucracies in the Nation's Capital.

Perhaps we have too many chiefs in these bureaus and should put the chiefs out to handle the Park Service. Let us put them to work. It may do them good physically, and it would do the country a lot of good financially. I am not too much impressed with some of these spendthrift bureaucrats who as soon as they get a job want to expand their bureaucracies and then spend two-thirds of their time lobbying Congress for an increase in salary.

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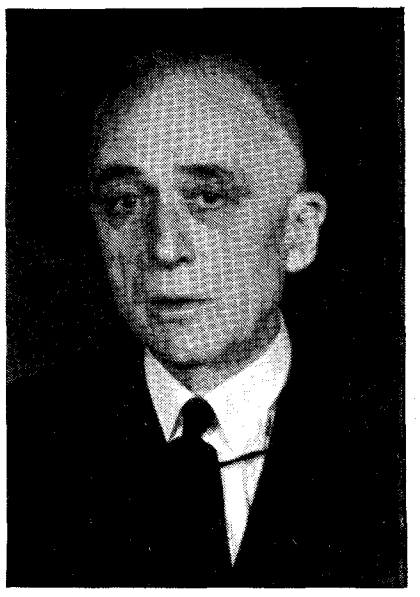
Mollycoddling on the High Court

Spinelli decision most dismaying of this term

By JAMES JACKSON KILPATRICK

Back in the summer of 1965, FBI agents in St. Louis got a hot tip on one William Spinelli. He was known to them as "a bookmaker, an associate of bookmakers, a gambler, and an associate of gamblers." Their tip came from an informant who had been passing along reliable leads on a weekly basis for the preceding two years.

The informant said Spinelli was making book in an apartment at 1108 Indian Circle Drive; the informant even provided the numbers of two telephones installed in the apartment. FBI agents trailed Spinelli for five days; they confirmed the pattern of his goings and comings. Then they obtained a search warrant from a U.S. commissioner, alleging under oath that they expected to find gambling paraphernalia in the apartment.



Justice John Harlan, usually one of the sounder men on the court, wrote the majority decision in the Spinelli case.

At 5 o'clock one August afternoon they staked out the place. When Spinelli emerged two hours later, they nabbed him, searched the apartment, and sure enough, there were the tools of the bookmaker's trade. Spinelli had equipped himself with not two telephones, but five. A jury trial followed; Spinelli was convicted of violating federal gambling laws, and sentenced to three years in prison plus a $5,000 fine.

Spinelli appealed, resting his case almost wholly upon the validity of the search warrant. Eventually, the entire 8th Circuit Court of Appeals, sitting *en banc*, voted 6 to 2 to uphold the warrant and sustain the conviction.

Two weeks ago, in its most dismaying opinion of this term, the Supreme Court voted 5 to 3 to set Spinelli free. The opinion was a triumph of pettifoggery over common sense; it was a shocking manifestation of the court's kid-glove solicitude for criminal defendants. And it is all the more disappointing to see that the majority opinion was written by Justice Harlan, who ordinarily is one of the soundest men on the court. If Harlan has now gone over to the nitpickers and bleeding hearts, one despairs of seeing a return to sanity in our criminal law.

The majority's objection was that the FBI agents had failed to establish "probable cause" for the search warrant to issue. Every criminal lawyer in the country must have danced with joy on reading this conclusion. If the far-fetched principles laid down by Harlan in the Spinelli case should be applied retroactively, our prison wardens may toss their keys away.

No one questions the vital place that the 4th Amendment occupies in the palladium of our liberties: "The right of the people to be secure in their persons, houses, papers and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched and the persons or things to be seized."

As Justice Jackson remarked 20 years ago, the protections of the 4th "belong to the catalog of indispensable freedoms." No thoughtful person would advocate the free-and-easy issuance of search warrants. But until the Spinelli opinion came along it had been generally assumed—as six judges of the 8th Circuit assumed— that the information presented by the FBI agents, under oath, was more than sufficient to establish "probable cause."

The Spinelli decision will place heavy new burdens upon our overburdened law enforcement officers. It will provide a hundred new legalistic loopholes for the big fish of organized crime to swim around in.

The court's opinion last June in *Bumper vs. North Carolina* was bad enough. In that case, the court reversed the conviction of a brutal rapist on a moonbeam line of reasoning. Police went to the suspect's home, owned by his grandmother, and advised her they had a warrant. "Come on in," she said. "I let them search. It was all my own free will." Police found a rifle that had figured in the crime. But Bumper's conviction was reversed: The evidence as to the warrant was not clear.

The *Spinelli* decision is far more damaging than last year's opinion in *Bumper*. It goes way beyond the previous landmark case of *Aguilar vs. Texas*, decided five years ago. Justice Black, who dissented, called the majority's action "indefensible" and "unbelievable." The words are too mild. The action was outrageous.

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JOB DESTROYER—"In recommending a $2-an-hour minimum wage, the National Urban League is bent on hurting the very people it is supposed to help—the Negroes, especially young Negroes. With each jump in the minimum wage, which now stands at $1.60, the number of unemployed Negroes has taken a corresponding jump. Jobs are left unfilled or are automated out of existence simply because employers can't afford to pay the inflated wage rates and stay in business. The door of opportunity is slammed shut in the face of the teen-ager and the lowly skilled. . . . Those truly interested in the best interests of the jobless will urge holding steady on the current minimum wage regulations, to which employers have yet to become adjusted, rather than advocating a jump to the $2-an-hour minimum that will only do further great injury to those who need help the most."—From the Milwaukee *Sentinel*

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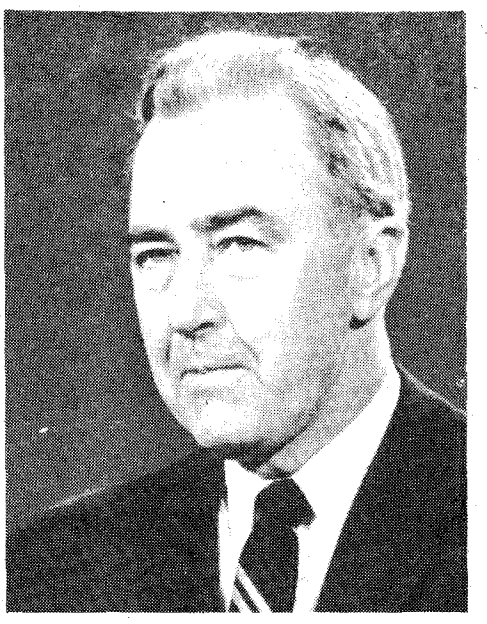
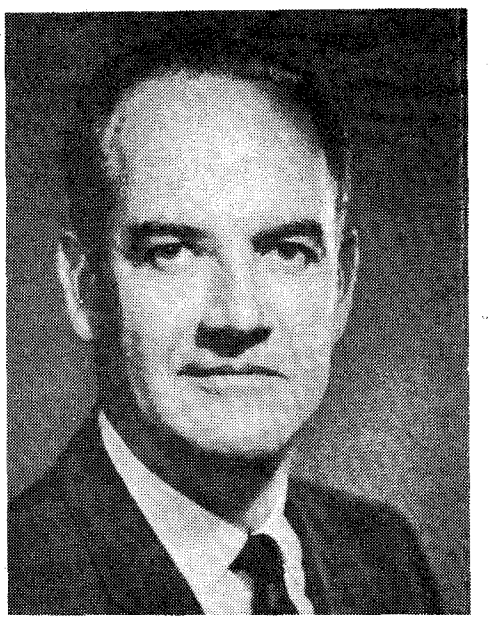
NEW YORK WELFARE COST—Latest report from Fun City: Mayor John Lindsay has asked $1.9 billion to finance New York's welfare program for the coming fiscal year. The budget, 27 per cent higher than last year's, estimates that 1.3 million people—the population of Boston and Pittsburgh combined—will be on Gotham's relief rolls by mid-1970.





Such stalwart liberals as Sen. Eugene McCarthy (D.-Minn.) and Sen. George McGovern (D.-S.D.) have opted for increased unionization of farm laborers, approaching a "closed shop" for farmers.

How Unions Are Moving To Trap the Farm Workers

By RALPH de TOLEDANO

Moving quietly — and hoping no one will notice— the AFL-CIO is lobbying for an innocuous-sounding labor bill. On the face of it, S 8 and its twin, HR 1004, are simply amendments to the National Labor Relations Act "to make its provisions applicable to the agriculture industry." Many legislators who never read the fine print believe that this is all the two pages of text provide for, and that's how the AFL-CIO wants it.

In fact, S 8 is among the most regressive and undemocratic pieces of legislation this writer has ever read. Should it be enacted, it would leave the farm worker completely at the mercy of the labor bosses and management, with none of the protections that have been so painfully written into the basic labor statute since 1946. The measure would deprive the farm workers of the right to hold representation elections. And it would be, in many respects, a return to peonage as a labor institution.

Here, stripped of its murky legal language, is my interpretation of what S 8 and HR 1004 would make the law of the land:

It would allow a union official, without the consent of a single farm worker (or under certain circumstances a construction worker), to sign an agreement with an employer that all new employes be obtained through a union hiring hall. That worker would then be compelled to join the union within seven days.

Since farm and construction workers shift from job to job, it would mean that the unions would, in short order, be negotiating contracts and controlling employment for the preponderance of workers on farms and, possibly, in the construction industry. Under the present statute, a worker is hired by the employer and must then join the union within 30 days— if there is a collective bargaining contract. But there can be no contract unless the union has organized the workers and has won the support of a majority in any given plant or company.

S 8 and HR 1004 deprive the farm worker of the right to a representation election. Without the workers' participation, knowledge or consent, union and management have already established the terms of employment. The worker must, moreover, apply for work to the union. If his politics or the color of his skin or the way he parts his hair does not please a union official, the worker has no recourse. If this sounds exaggerated, the record is replete with examples of what happened in the past when labor unions illegally arrogated similar powers to themselves.

There are volumes of testimony showing how union officials and management signed "sweetheart" contracts in various industries. (A "sweetheart" contract is one in which a union in return for money or other favors, signs with an employer under terms disadvantageous to the workers.) There is also a long and sorry record of union discrimination against Negroes and other minorities. (A Negro plumber in some areas makes less money than a white plumber, for identical work; blacks are barred from apprenticeship programs, which means from work.)

Given the nature of this bill, it is a little shocking that the paladins of "liberalism"— senators like Edward Kennedy, Eugene McCarthy, George McGovern, Edmund Muskie and Jacob Javits—have all knuckled under to labor pressure by sponsoring this bill, and will be among those who fight for its enactment in the Senate.

Perhaps they have not read it carefully, simply accepting the title without turning to the operative language. Perhaps they are so dedicated to the belief that the AFL-CIO can do no wrong that they are willing to entrust it with the lives and economic fate of the American farm worker. Perhaps they are cynically bending to labor with a thought to the financial and other aid they have received or will receive in their election campaigns.

Or the explanations may lie elsewhere. Perhaps liberalism has moved so far in the direction of the Coercive State that these senators believe it to be far tidier to place the worker and the man on the construction job in a straitjacket—"for his own good," of course. This is how men's individual and collective freedoms are lost—if, indeed, those freedoms mean very much nowadays to the ruling hierarchy.

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N. J. GOVERNOR RACE—At least four congressmen are considering campaigns for governor of New Jersey next fall. One, conservative Republican Charles Sandman, has already announced. "Moderate" Republican William Cahill is under pressure from party liberals, chiefly Sen. Clifford Case, to make the race. And Democratic Congressmen James Howard and Henry Helstoski have told friends they are "interested" in the campaign.

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A Calm View

Anti-Franco Sentiment Distorted by Press

By HENRY J. TAYLOR

Spain's crackdown measures can be misleading to us at this distance. Since the Soviet reconquest of Czechoslovakia, Spain is a strategic imperative to the United States in the defense of Western Europe. Only the Communists could gain from a revolution there. But in spite of the impression we may get, much of it systematized and not a little of it by the New York *Times*, the anti-Franco sentiment is distorted.

The reasons for Franco's entrenchment do not require foreigners' approval or disapproval, but our State Department's best guess is that in a free election tomorrow Generalissimo Francisco Franco would win at least 65 per cent of the vote. Based on what I have seen in Spain, I believe that's a good guess. So does our embassy in Madrid.

Franco's proudest boast—"We were the first European nation to fight communism, and to win"—still profitably identifies him among countless millions there. But more than one and one half million Spaniards died in the civil war. Franco gains even more profit as the man who kept the people out of World War II.

The older generation has never known anything but Franco for 32 years and is clearly passive about any alternative. The youth and many articulate intellectuals want changes of all sorts—provided these avoid violence. The common denominators nationwide are the church and the army. Both want changes—but, again, without violence.

The list includes land reform, anti-monopoly measures, press freedoms (now curtailed) and more freedom for workers to organize, better wages and lower living costs.

But I once heard a wise Spaniard call his native land a *dulce anarquía*—a gentle anarchy. The surface is sometimes calm, deceptively so, but the normal Spain is divided—a compartmentalized country by nature. The busy, hard-working people of Catalonia in the east (Barcelona) remain Catalans; Galicia's thrifty, sea-minded northerners remain Galicians (Franco is a Galician); Basques remain Basques, and even Madrid's people remain uniquely Madrilenian, all with different outlooks and aspirations. The pressures are not unified.

Spain was excluded from the Marshall Plan and received nothing from it. In addition, Moscow held (and still holds) 513 tons of Spanish government gold, taken out by Soviet planes during Spain's civil war.

Internal economic reforms mark the turn from near-bankruptcy in 1959. Money long overseas began to come back. Heavy capital investment occurred. Spain showed an annual 11 to 15 per cent rise in industrial output. Even as late as 1920 not an automobile was made there. Today Spanish-built cars have put millions on wheels. Then came tourism's leap, led by the Americans. A record 18 million visitors went to Spain last year—21 per cent more than in 1965 and a 530 per cent increase in 10 years.

The miracle of the West German recovery is more widely known, but Spain's has been relatively equivalent—topped off most recently by her loan of millions in U.S. currency, with more to come, to the Alliance for Progress programs in Latin America. And the centrifugal force of all this is felt strongly in the economy and thus in the social structure.

Generalissimo Francisco Franco y Bahamonde, five feet three, now 76, only two years younger than Gen. Charles de Gaulle, became in 1926 the youngest general in Western Europe at the age of 34. His claim to constitutional legitimacy—and the making of Spain, in effect, a constitutional monarchy—rests on a national referendum of July 1947.

It "approved" in overwhelming majority Franco's designation as lifelong ruler ("By the Grace of God, Caudillo of Spain"), the abolition of Spain's republican form of government, inherited from 1931, and the restoration of a monarchy—but without a king.

You can see outside Madrid the incredible tomb complex called the Valley of the Fallen, with its great bronze doors of 11 tons each and its huge granite cross a football-field high, beautiful and severe. Behind the altar stand two gilt and scarlet chairs intended someday for a king and queen, with Franco holding the power to designate a king to succeed him.

Franco, like de Gaulle, has an uncanny ability to play off attacking groups, ruin their positions, and emerge largely unscathed and the chances again favor his achieving this.

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$3 BILLION TO U.N.—American taxpayers have topped the $3-billion mark in contributions to the United Nations. From 1946 through 1968, the U.S. poured $3.2 billion into the world body, or more than 40 per cent of the organization's total budget. Annual dues are now running $42 million a year, with additional millions going in "voluntary" contributions to U.N. agencies from the World Health Organization to UNESCO.

Will Try Small Cases

Tax Court Experiment to Begin

By WILLARD EDWARDS

Good news for taxpayers, especially small ones, has been virtually nonexistent in recent years. It becomes, as they say in Congress, a distinct privilege and a rare honor to report a ray of sunshine ahead for the little man.

Congress has received a report from the Tax Court of the United States outlining an "experiment" it will stage this year in its headquarters here in Washington, in its branches in New York City, Chicago, Los Angeles, and, if required, in other cities.

Beneficiaries of this experiment will be all those taxpayers who, in past years, have been stricken with terror when informed that their income tax returns are in error and they owe additional sums up to $1,000 to the government.

The instinctive reaction of the average citizen, studying with dismay the Internal Revenue Service's curt notice of a deficiency of $50 or $100 or $500, has been to submit humbly and pay up, no matter how unjust he may deem the finding.

To contest it, he had to face an IRS examiner usually contemptuous of his claims and then, if he appealed in court, to hire a lawyer and perhaps an accountant whose fees might well exceed the amount he had been ordered to pay. The easiest and least expensive way out was to surrender.

More than three million small taxpayers are annual victims of such peremptory notices.

For the last three years Congress has devoted its attention to their plight. More than 60 senators, led by Warren G. Magnuson (D.-Wash.), chairman of the Senate Commerce Committee, have been pressing since 1966 for legislation to relieve it. There was equally strong backing in the House.

Their proposal was for creation of a Small Tax Court in which the taxpayer could obtain, without legal expense, an impartial review of a tax dispute involving comparatively small amounts.

Lacking the Johnson Administration's indorsement and bitterly opposed by the revenue service, this measure never gained the Democratic leadership's clearance for a vote.

Magnuson was prepared to try again this session but suddenly, out of a clear sky, Chief Judge William M. Drennen of the Tax Court of the United States, informed Congress of his experiment. It was reported to Congress recently by Chairman John J. Sparkman (D.-Ala.) of the Senate Banking and Currency Committee.

Beginning in 1969, Drennen announced, any taxpayer protesting an assessed deficiency of $1,000 or less could have his day in court "with as little formality, delay and expense as possible."

He will not need a lawyer. By writing to the Clerk of the Tax Court, Box 70, Washington, D.C. 20004, he can secure a simple printed form petition to fill out and file within 90 days.

The petition will be heard in a Tax Court branch convenient to the complainant. The judge will be instructed to proceed informally and to disregard legal technalities.

"This is an experiment and our experience with these procedures may suggest that this is the wrong approach," Drennen warned. "We will be happy to report to you on its results."

Most in Congress happily welcomed this proposed solution to a problem they had found difficult to solve because of bureaucratic opposition.

Simple justice demanded, they agreed, that the small taxpayer, unable to afford a lawyer, should enjoy the same hearing privileges available to wealthy individuals and corporations equipped with legal talent to contest large tax assessments. The latter often are awarded out-of-court settlements saving them more than $300 million in a typical year.

Magnuson cautiously reserved judgment.

"I salute this recognition of a problem which has outraged our sense of fair play," he commented. "I still feel Congress should act to protect the little fellow, but I will await the report on this new procedure to see how it works out."

(1969, Chicago *Tribune*-N.Y. *News* Syndicate)

Shuman Defends Grape Growers

Offers to pay Daley's way to California

The president of the American Farm Bureau Federation has refuted arguments advanced by Chicago Mayor Richard Daley in pushing the nationwide, union-backed boycott of California grapes. Daley has ordered Chicago city institutions not to buy California grapes because of the boycott.

Charles B. Shuman, AFBF president, offered to pay Mayor Daley's expenses to California to inspect the actual living and working conditions of the grape workers. In his letter to Daley, Shuman said the boycott action "is not fair to consumers, grape growers, or the grape pickers of California, who will be out of jobs next year if the boycott succeeds."

Shuman invited Daley to California to see for himself that "this grape boycott is based on false charges and is merely an attempt to compel growers to force workers to join the union against their will."

AFBF head Charles Shuman has invited Mayor Daley to look into the grape boycott situation for himself.

Shuman warned Daley that "if a small group of power-seeking zealots can deny consumers the right to choose what food they buy, the agricultural industry which means so much to Chicago is in danger."

The boycott has stemmed from efforts by the United Farm Workers Organizing Committee to cut down sales of area grapes. Because it was impossible to distinguish Delano grapes from others, however, the boycott has hit all California grape farmers. Shuman pointed out that consumers can't buy grapes from many stores which have been fooled by "the hoodlum tactics of a union led by Cesar Chavez who received his training under the revolutionary Sol Alinsky."

Shuman said the nationwide boycott immediately affected all of California's grape growers—the majority of whom had nothing to do with the original strike.

The Farm Bureau chief pointed out to Mayor Daley that Delano grape pickers averaged more than $2 per hour and more experienced workers $2.50 per hour. Thus the average grape picker earnings are higher than the average earnings of U.S. farm workers.

Shuman also exploded the myth about the grape pickers being migrants, pointing out nearly 90 per cent of the more than 5,000 pickers hired at the peak of the harvest in Delano are residents of the area and many own their own homes and their children attend local schools.

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Reuther Pushes Teddy for '72

UAW leaders want him to be front runner

By VICTOR RIESEL

Walter Reuther is swinging. The redhead doesn't smoke and doesn't drink but he's highballing around the circuit, whipping himself into a one-man political and sociological conglomerate.

He's a flexible political flier when fully turned on.

Some Mondays ago he had a long political breakfast with Hubert Humphrey at New York's Waldorf Astoria. Some days later he threw a posh cocktail party for Ted Kennedy.

Somewhere in betwixt, the auto union chief opened a pipeline with the White House by way of his old CIO colleague, former steel union president, silver-haired Dave McDonald, who campaigned for Richard Nixon.

In his spare time he's helping his intimate friend Jack T. Conway launch the $3.5-million (Ford money) Center for Community Change.

What the trim 61-year-old auto union veteran has not been able to swing is his heavily publicized Alliance for Labor Action (ALA), which was to have burned up the labor front with a wide attack by the combined forces of his 1.6-million-member union, and the 2.1-million-member International Brotherhood of Teamsters.

Apparently the truck drivers cooled on the new "marriage" (as Teamsters acting president Frank Fitzsimmons

Walter Reuther and his associates feel that perhaps Bobby was too cautious in seeking the nomination.

called it in a rare poetical mood) and strolled off during the honeymoon. There was to have been a national ALA convention in January to launch the new labor federation, or alliance, but though Mr. Reuther talked to leaders of unions ranging from hospital workers to woodworkers, the tribe did not increase.

And so the auto union leader diversified. While going political, his most gay moments came during the special cocktail reception he threw in the Washington Hilton Racket Club just before the Kennedy fund-raising banquet Wednesday, January 22. For this gathering he brought in his entire high command.

It all was up to date in the Racket Club. There was a beard or two among the auto leaders—many of whom had fought alongside the tragic Bob Kennedy in Illinois, Indiana, Oregon and California, where West Coast director Paul Schrade has the union's most sophisticated effective political machine.

Ted Kennedy came early, talked confidentially with Victor and Walter Reuther for a bit, then mixed with the crowd before going on down to the more massive public pre-dinner, hour-and-forty-minute reception.

Also with the Reuthers was Kenny O'Donnell, a close friend of Conway, president of the new community center umbrella organization which soon will operate in scores of cities.

Among the 55 UAW leaders, there was considerable serious talk of Sen. Kennedy for President in '72. As one of the happy crowd put it, "we are all 1,000 percenters for Ted."

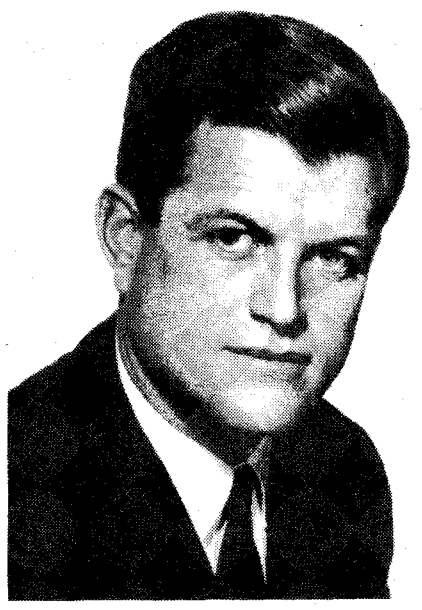
They are realists. They know that next week is far off—and the next presidential election is eons away. But they also believe that "perhaps Bobby played it too cautiously, and there might not have been a McCarthy if Bob had moved out front first, as Ted is. . . ."

Then all went down to dinner and it was like old times in '60, but with no Lyndon Johnson and no Gene McCarthy.

After speeches and dessert, the $500 ticket holders piled into buses for a smaller gala at the senator's home in McLean, Va. So Walter Reuther and some of his people went too, and soon were mixing it up with the old crowd. It wasn't poolside weather, so they talked and danced and sipped a drink or two around the fireplace.

There were other labor leaders—but not George Meany, nor the policymakers of the huge AFL-CIO. They're moving more cautiously. They're fond of the young senator, but not dedicated nor pledged, as Walter Reuther appears to be.

The federation chief is concentrating



Sen. Teddy Kennedy (D.-Mass.) had a private chat with the Reuther brothers before the Kennedy fund-raising banquet.

more on a 1970 counterthrust against the Republicans—and especially against Sen. McCarthy. This they can effect by helping to elect Hubert Humphrey to the Senate with an overwhelming majority in '70.

Plans for this counterattack will start formulating behind closed doors at the AFL-CIO's executive council midwinter sessions in Bal Harbour, Fla.

These fellows don't swing so much. They don't have to build a conglomerate. They already are one—and seem to have outmaneuvered Walter Reuther on at least one front—labor.

But the redhead is never one to stop swinging.

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Some Fairness, Please

Only One 'China Lobby' Today

By JOHN CHAMBERLAIN

Talk about a China Lobby! There's one at work throughout the world today, and it isn't financed from Taiwan by Chiang Kai-shek. For that matter, nobody could prove that it's run from Peking, but it certainly serves the purposes of that old agrarian reformer, Mao Tse-tung.

Watch the Lobby's trail as it surfaces. First stop, Rome: the Italians, though they deny it, are thinking of accepting Peking as just another nice government, worthy of recognition. Second stop, Ottawa: Canadians, who already sell wheat to Chairman Mao, are, as these words are being written, about to welcome the Red Chinese to the so-called comity of nations. In the U.S. that old China Hand, Bob Hutchins of the Center for the Study of

Prof. Doak Barnett is representative *of those "China experts" who call* for a "flexible" policy toward Red China.

Democratic Institutions, decides that Red China is both democratic and an institution, and therefore worthy of consideration at a joint conference in Santa Barbara, Calif., of U.S. scholars, pacifistic U.S. senators, and traveling members of the Japanese Diet who don't like Tokyo's foreign policy. Finally, there's a shindig scheduled by the National Committee for U.S.-China Relations for March 20 and 21 in New York City at the New York Hilton Hotel.

Far be it from me to try to stop anybody from talking or listening, even though the significant climactic speeches at all the be-nice-to-Red-China convocations seem to be made by Teddy Kennedy. My purpose in directing attention to such organizations as the National Committee for U.S.-China Relations is to expose their pretensions of fairness for what they are, a fraud, a sham, a fake—and all at the expense of the taxpayer who puts up with tax exemption for the foundations that finance such operations.

The practice of the National Committee for U.S.-China Relations is to balance the panelists and speakers on a 10-to-1 basis. The proposed chairmen for the March 20 convocation are Prof. Doak Barnett and former Ambassador to Tokyo Edwin Reischauer; the speakers are such be-flexible-to-Peking types as Jacob Javits, Edmund Muskie, Gen. James Gavin, and, as before noted, Teddy Kennedy. The only be-stiff-to-Peking character that my sensitive nose could spot in the whole tentative lineup is Prof. Richard Walker. He must grow mighty tired of being the token opposition at all these "even-handed" confabs.

It's great that Doak Barnett gets so much free speech. But how good are his claims as a "China expert"? Back in March 1966, appearing before Sen. Fulbright's Foreign Relations Committee, Barnett delivered himself of this authoritative statement: "Perhaps the first thing that should be noted about the political situation in China is that the Communists have created a very strong totalitarian apparatus that exercises effective control over the entire China mainland. . . . There is no significant organized opposition and no foreseeable prospect of its development."

Since that exercise in clairvoyance was uttered for Sen. Fulbright's edification, Red China has been dragged through the shambles of the misfiring "cultural revolution," with corpses floating down the rivers and the schools all over the land shut even tighter than the ones in New York's Ocean Hill-Brownsville district on one of teacher union boss Albert Shanker's more bilious days. Query: would any self-respecting restauranteur dare to put a Doak Barnett prophecy inside a Chinese fortune cookie?

I reiterate, I have nothing against Teddy Kennedy, who is entitled to believe that we should review our Asiatic foreign policy. But there are other senators who have their own ideas about Red China. Why doesn't the National Committee for U.S.-China Relations ask Sen. Hugh Scott to speak his particular piece? Or Sen. Peter Dominick? Or Sen. Ernest Hollings? Or former Sen. Paul Douglas? Or Congressman Clement Zablocki? And why not such anti-Doak Barnett scholars as Professors David Rowe and Frank Trager, not to mention that most learned of China hands, Walter Judd? Then, too, there is the Belgian journalist Jacques Marcuse, an old China authority who offered to exchange himself for the incarcerated British reporter, Anthony Grey. Any two of these people would balance the Doak Barnett-Teddy Kennedy axis. Balance is all that anyone can reasonably ask for, but balance is something we never seem to get.

Of course, all the be-nice-to-Mao experts speak fondly of Chiang Kai-shek's Taiwan, saying that a "two-China" policy must be evolved to accommodate both Chinas in the U.N. One shouldn't yell "hypocrite," but everyone knows that there's no more room for two Chinas in the U.N. than there is room for two corpulent Japanese wrestlers inside a telephone booth.

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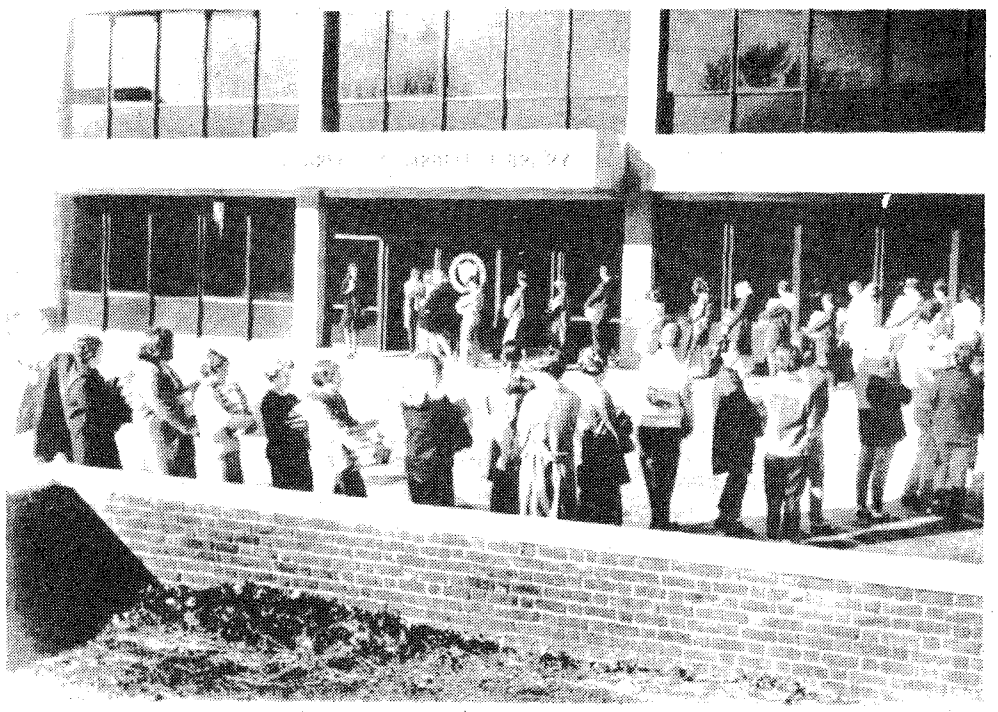
CORRECTION

To the Editor of Human Events:

In my article, "The Demise of the Saturday Evening Post" **in your January 25 issue I erroneously referred to "the firing of** Post **editor Wesley Stout" in 1941. This has often been stated but the fact is that Mr. Stout was not "fired" but resigned after differences with the management which he felt could not be reconciled. In another paragraph I spoke of the** Post **being in crisis in the** late **1940s, when, as should be plain from the context, I was referring to the** early **1940s.**

—Frederic Nelson



In refreshing contrast to so much of the disruption of today's colleges, students at Meredith College in Raleigh, N.C., staged a "book-in." Classes were called off for one day as students volunteered to move some 52,000 books by hand from an old library to a new one.

Involvement, Anybody?

By MORRIE RYSKIND

A skeptic, implying I made the whole thing up in order to knock down a straw man, defies me to name the liberal columnist I recently quoted as saying there weren't enough dissidents in our academies and the most students "live in a moral and intellectual void, trying to get decent grades and then a satisfactory job."

Well, the columnist's name is Sydney J. Harris and he is, I am told, a teacher. And no straw man he—his pieces are far more widely syndicated than mine, if that's any consolation to my critic.

Now my own feeling of late has been we need no more "involved" students than Newcastle needs coals. If anything, we have a surplus that cries out for exportation—or even deportation. Consider just a few of last week's crop:

In a Brooklyn high school, a teacher who had gone to investigate the source of some stones hurled into his classroom was knocked down and beaten by three teenagers. They then squirted lighter fluid on his clothes and set fire to them. He's now in a hospital.

At Columbia, 200 undergrads, led by the ubiquitous Students for a Democratic Society—incidentally, 12 Houston, Tex., high schools have recently formed SDS chapters—protested the presence of Army and Air Force recruiters by heaving rocks at the building which housed the interviewers. They then invaded the placement office, where they smashed the windows and overturned bookcases.

At UCLA, two Black Panthers were shot and killed at a meeting of advocates of "Black Power," met to decide the future of a black studies program at the university. Accused are two members of the organization called US, both out on bail on previous charges of armed robbery, attempted murder, assault with a deadly weapon and kidnapping.

In Washington, on the day before the inauguration, some 5,000 war protestors—most of them in the 15-25 age bracket—marched on the Capitol and threw rocks at guests arriving for a reception. They also threw firecrackers, which panicked the police horses. Only three cops, however, were injured. Better luck next time.

The following day the demonstrators, some of whom carried Viet Cong flags, attempted to stone the car in which Mr. Johnson and Mr. Nixon rode to the inauguration, and later hurled obscenities at Pat and Dick Nixon when they came to view the parade. Their battle-cry was "To the streets—the streets belong to the people!"

That is true enough, but, watching on TV, I wondered if the overwhelming majority who had come to participate in an ancient American rite had no rights at all.

Yet, when the parade began, it suddenly occurred to me that Mr. Harris had something. As I watched the multitudinous bands of uncommitted youngsters go marching by, I got a lift.

Especially from the Whittier High School band, proud of its most famous alumnus (class of 1930), which could also boast that Pat Nixon had taught there. Incidentally, I am told that some of the Whittier lads normally wear their hair long like their peers, but that they all bowed to the inaugural committee's dictates and let the barber cut their hair for the occasion. Cowardly conformists!

And many of the other bands, too, had likewise made sacrifices, preferring to be "involved" in the ritual rather than cast rocks at it. A good many of the youngsters had earned their way—the girls by baby-sitting; the boys by selling candy and buttons and washing cars. The Lakewood, Colo., band made its fare by peddling fire extinguishers from door to door—and they do say not a house in the town but now boasts a fire-extinguisher.

And one band—the Pilgrim High School of Rhode Island, if my notes are accurate—was donated transportation funds by the city council. But then the lads decided to earn their own way and, taking all sorts of menial tasks after school, made *enough to repay the money.*

I realize that such a reactionary attitude bodes ill for the welfare state. Still, I suspect such lads and lasses may be more in demand—and so land more "satisfactory jobs"—than the rock-throwers.

And, if the reactionary Founding Fathers were watching from Valhalla, they may have felt that the Republic was safe in the future hands of the marching musicians. Good marks and good jobs to them all!

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Continued from Page 1

Patronage Is the Name of the Game

can party—and it could have been so easily avoided if the Eisenhower Administration had used federal patronage with the same skill displayed by Roosevelt, Truman, Kennedy and Johnson.

This failure to use federal patronage is also probably the principal reason why, in every subsequent year of the Eisenhower Administration, the Republican party steadily lost ground and more of its candidates were defeated.

Doing the "Impossible"

Unfortunately, there is now a defeatist attitude among many Republican congressmen and party officials about large-scale patronage to be dispensed by the Nixon Administration. Whereas Democratic congressmen are consistently vocal and aggressive in putting their constituents on the federal payroll, Republican congressmen are often reticent and resigned to refusal.

This is wrong. There should be thousands of Republicans flooding into federal office from every state in the Union—especially from the states which contributed substantially to Nixon's victory. This is the only way we can secure the change for which the American people voted.

Don't let your senator or congressman tell you that it can't be done—tell him to find a way to do it. The great Seabee slogan of World War II was: "The difficult we do immediately, the impossible takes a little longer." Roosevelt, Truman, Kennedy and Johnson did it. Patronage is the name of the game and, if Republicans do not use it as skillfully as the Democrats do, Republicans are not going to win future elections.

Here are three principal ways that the new Republican Administration can proceed in order to bring about the change the people voted for.

1. Abolish the unnecessary jobs and cull out the employes who are not doing anything. Under Kennedy and Johnson, 619,397 civilian employes were added to the federal payroll—many of them unnecessary.

The federal government is loaded with thousands of extra employes who walk up and down the corridors with little to do. They fill the cafeterias for coffee breaks at 10, 11, 3 and 4 o'clock. There are so many of these political hangers-on in nearly every agency that they are known in Washington as the "corridor corps." They write memos to one another and do "busy" work in order to camouflage the fact that they are really just holding political jobs—playing a cat and mouse game to see if the new Republican Administration has the nerve to fire them.

The elimination of this payroll padding would be a fulfillment of Republican campaign promises and a service to the overburdened American taxpayers. The financial saving would be the least important benefit. Far more significant would be the substantive changes from the disastrous LBJ policies and the improved morale of the many dedicated employes who work hard and really earn their salaries.

Phyllis Schlafly has long been active in Republican women's politics—both in her state of Illinois and on the national level. The mother of six children, she is a Phi Beta Kappa with a master's degree in political science from Radcliffe College. Her book, A Choice Not an Echo, *was a run-away best-seller in 1964. With Adm. Chester Ward she has co-authored two devastating attacks on recent U.S. defense policies,* The Gravediggers *and* Strike From Space. *Her latest book is* Safe—Not Sorry.

2. Use the technique called "reorganization" in order to bring Republicans into the federal government at every echelon. This is a perfectly legal and ethical administrative device for outmaneuvering Civil Service in order to fire Democrats and hire Republicans.

After all, isn't that what the American people voted for last November 5? Civil Service should *not* be permitted to stand in the way of the policy changes for which we voted so decisively. The President can abolish agencies, bureaus, divisions and jobs—and then create new ones. He can make up different titles for the same old jobs so they are available for new personnel.

The technique of "reorganization" requires a few smart and skillful lower-echelon employes to do the necessary detail work. If the Kennedy and Johnson Administrations could find such employes, there is no reason why the Nixon Administration cannot do it, too. The Nixon Administration, in fact, already has in its possession a detailed explanation by a career diplomat of how the State Department, which so sorely needs changes, can be "reorganized." It is simply a matter of having the will to use this plan.

Many of President Eisenhower's troubles in office arose because he failed to do a thorough personnel housecleaning.

The Democrats used this political tool with consummate skill in order to pack the government with liberal Democrats. If Republicans fail to use reorganization, no one will thank them for their gentlemanliness. The verdict at the polls will be that Republicans just don't know how to run with the ball after it is handed to them.

3. Eliminate all the "consultants" on the government payroll. There are thousands of so-called "consultants" who work varying amounts of time for various federal agencies at a per diem of $75 to $100. One of Kennedy's first acts after becoming President was to send all the consultants then on the payroll a cordial soft-soap letter thanking them profusely for all their past services, and informing them that the new Administration was eliminating all consultants and therefore would have no further need of their services. A couple of months later, Kennedy hired all new consultants of his own choosing.

The new Republican Administration not only *can*—but *should*—do likewise if we are to have any real policy changes in government.

Your Part in the Task

Every Republican governor, senator, congressman, national committeeman, national committeewoman, state chairman and state vice chairman should already be pushing hard to get his or her Republican constituents on the federal payroll. They should reject the nonsense that there are only some 3,000 federal jobs to be filled. There are hundreds of thousands of jobs which must be turned over to Republicans if we are to accomplish policy changes.

The new Republican Administration is already feeling the pressure from the holdovers who want to remain. We must see to it that the new Republican Administration feels a greater pressure from Republicans for patronage so that it will be compelled to find the skillful experts in "reorganization" and in the labyrinths of the bureaucracy who can do the "impossible."

Some 30,000 Republicans jammed into Washington to celebrate President Nixon's Inauguration. If every one of these people were hired to replace Democrats, this would be only 1 per cent of the three million federal employes. This would only be a healthy start on the turning over of federal jobs.

Every state should keep a scorecard on federal appointments. Make sure that conservatives get their fair share of appointments. Make sure that women get their fair share of appointments. Above all, make sure that Republicans are appointed. Until every state has received appointments in the thousands, it is not possible to have any significant change in policies. Just as precinct workers often rate their county chairman by the number of jobs he can get for his county, state party officials can also be rated on how many federal jobs they secure for their constituents.

In approaching Republican officials in your state, it should not be in a critical or belligerent way. Most state Republican officials are eager to appoint Republicans to public office. The Republican faithful can strengthen the hand of their officials so that they, in turn, can make their demands felt in Washington.

Among the most active of Republican workers are the volunteers who labor—not for a job or political favor—but simply because they want their children to grow up in a free and independent America. These volunteers must realize the importance of patronage to the achievement of their idealistic objectives. It is the key to policy changes. It is the lifeblood of politics because it means money, power, influence and votes.

If patronage is not properly used for the objectives of good government, it will surely be used very powerfully against us. President Nixon must have the help of employes who believe in good government—*not* be handcuffed by the architects of the mess we are in.

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How Minimum Wage Laws Hurt Jobless Negro Teens

By EARLE WILLIAMSON GOOD

Reprinted with permission from Barron's *National Business and Financial Weekly*, Jan. 27, 1969

The four horsemen of the apocalypse affecting our cities are poor housing, public education, the welfare system and a minimum wage law that tends to price the unemployed out of jobs. The four add up to the "urban crisis," which, along with crime and inflation, are the major domestic problems bequeathed to President Nixon. He will have his hands full.

Nixon proposes to implement his economic and social programs for rural and urban America through the concept of

Conservative economist Milton Friedman notes that the minimum wage law prevents unemployed black youth from competing for jobs at a lower wage rate than that of his usually better-educated white counterpart.

"black capitalism," the core of which is a tax incentive. Under his plan, businesses will be offered tax breaks to move into ghetto areas and to train blacks for more responisble employment. Along the way, government may take a crack at the awesome problem of Negro teen-age unemployment. If so, one route it might explore would be the possibility of exempting teen-agers from the minimum wage.

The President indicated his concern for this problem prior to his nomination when he said, "The unemployment rate for Negro teenagers hovers at the appalling fraction of fully one-fourth the labor force," a situation partly due, he noted, to the failing of education. This is no doubt correct. Ghetto schools are turning out children with pitiful records in such basic areas as reading, English and mathematics, and no record at all in specific job-related skills. To alleviate this sorry state of affairs requires a massive, long-term effort. A short-term approach would be to eliminate the minimum wage.

Teen-agers usually have few marketable job skills. Therefore, as Prof. Yale Brozen of the University of Chicago's Graduate School of Business points out, "It is more costly to employ a teen-ager. He needs more supervision, more training and more time to learn work habits. Normally, a worker's first job is at a lower wage rate than he is going to get later. This is a simple reflection of the fact that probably over half the education a person gets in his lifetime is education on the job, not in red brick buildings called school houses." By insisting that an employer pay an unskilled teen-ager more than he is economically worth, the minimum wage prices many young people out of the market entirely.

Black teen-agers start out with a double handicap—a lower skill level and racial discrimination. These factors, combined with the minimum wage, have given rise to a substantial gap between the unemployment rates of white and non-white teen-agers, with the unemployment rate of the latter approaching one-third of the black teen-age work force in "urban poverty" areas.

Milton Friedman, professor of economics at the University of Chicago, explains the gap this way: "Negro youngsters are less productive than white youngsters. They tend to have a lower level of education, a lower level of skill. If there were no minimum wage, Negro youngsters on the whole would not be able to earn as high a wage as white youngsters—and so they are more likely not to be hired when the minimum is raised." In other words, black youth are denied the opportunity to discount their lower average skill level and the prejudice against them by offering to work for less than whites.

University of California economists Armen A. Alchian and William Allen summed up the effect of the laws this way: "If a uniform or minimum-wage law is effective in raising anyone's wages, discrimination will be transferred from wage rates to employment rates. Few 'inferior' people will get jobs."

What this suggests is that the minimum wage and Negro teen-age unemployment are allied. The statistical evidence confirms that suspicion. The gap between white and non-white unemployment first occurred in 1949 when the minimum wage went from 40 cents to 75 cents an hour. In 1956 the minimum was raised from 75 cents to $1 an hour, and the gap widened from less than 3 per cent to more than 10 per cent by 1958. It has averaged above 10 per cent ever since, with non-white teen-age unemployment seldom falling below 22 per cent and white teen-age unemployment remaining in the vicinity of 12 per cent.

As President Nixon points out, our public education system is partly at fault. But once again, the statistics suggest that the minimum wage laws are the immediate cause of much unemployment.

In an article to be published in the April *Journal of Law and Economics*, Prof. Brozen documents how minimum wage increases and teen-age unemployment increases go hand in hand. "In addition to immediate increases in unemployment among teen-agers in the month when the new minimum became effective," he says, "we find a long-term upward trend in the relative amount of unemployment among teen-agers. This has occurred despite a rising average level of education in this group and a declining participation rate."

The country no doubt would be better off today had educational opportunities been equal for all and had we not been afflicted, in the early years of our development, with the curse of slavery and its consequent and attendant evils. But wishing things had been better does not change the facts, and the facts today are that the explosive problem of black teen-age unemployment has been completely insoluble by the traditional governmental remedies.

The Johnson Administration, to be sure, has tried to cope. Yet its one major effort, the Job Corps, failed to do the trick, and Nixon has pledged to abolish it. Of all the reasons for the failure of the Job Corps, not the least of which is that it systematically ignored the minimum wage, cause of the unemployment it sought to cure.

Milton Friedman is adamant about it: "Of all the laws on the statute books of this country, I believe the minimum wage law probably does the Negroes the most harm. It is not intended to be an anti-Negro law, but, in fact, it is."

On top of that, Prof. Brozen has shown that where the minimum wage has not been positively detrimental, it has been virtually ineffective. The overall effect of the minimum wage laws, he says, seems to have been a change in the timing of wage rate increases.

According to Prof. Brozen, the wage rate rises in the year the law takes effect and then comparatively slow increases occur in the years thereafter. Even so, costs are high. "In the interval between the time that productivity and inflation catch up with the increases, he writes, "thousands of people are jobless, many businesses fail which are never revived, people are forced to migrate who would prefer not to, cities find their slums deteriorating and becoming overpopulated."

The cost of eliminating the minimum wage law is zero. The benefits, by contrast, could be great. It could destroy a weapon being used in a war on poverty that is actually a war on the poor.

□□□

HHH's Sister Given Posh Federal Position

The sister of former Vice President Hubert Humphrey, who campaigned mightily for her brother's election as President, was given a posh federal job in the closing hours of the Johnson Administration.

A routine press release from the Office of the Department of Health, Education and Welfare announced that Mrs. Frances Howard had been named a "liaison officer" with voluntary health organizations.

Conveniently omitted was the fact that Mrs. Howard is Humphrey's sister. Nor was it mentioned that the liaison post had been specially created for her. Mrs. Howard's salary is in a Civil Service bracket that ranges from $19,780 to $25,000 a year.

During the Kennedy and Johnson Administrations, Mrs. Howard held down cushy jobs with the State Department and the Agency for International Development that permitted her to travel throughout the world. Then on October 3, at a press conference held at the Democratic National Committee, Mrs. Howard told newsmen that "I cannot stay out" of the campaign. She quit her government job, worked full time on HHH's campaign, then got back into the federal womb just before the new Administration took over.

□□□

ROCKY'S 'BARE-BONES' BUDGET—New York Gov. Nelson Rockefeller recently submitted a fiscal 1970 state budget calling for a record $6.4 billion in state expenditures and an increase in the state's sales tax to 3 per cent. Rocky labeled it an "austerity budget."

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SPOTLIGHT ON CONGRESS

The 'Post' Wakes Up

By REP. DEL CLAWSON (R.-Calif.)

In recent days it has been encouraging to note the editorial recognition granted by the Washington *Post* to the festering crime situation in the District of Columbia and the dawning realization by the *Post* that the problem may even by of the exact proportions outlined by the President during the campaign. Perhaps similar sanguine emotions are also to be invoked by a recent column in the *Post* by Joseph Alsop which would appear to support the position taken by the House Committee on Un-American Activities that there are subversive forces at work in much of the strife in our educational system. Mr. Alsop should be warned that such a point of view automatically makes him eligible for dismissal as a mere "Red-baiter" and "alarmist" in some quarters, as committee members individually and as groups have discovered. Whether Mr. Alsop is willing to assume the titles which go to those who furnish reports like his, or whether those of us who have been so labelled are now to be publicly absolved, is still not clear. Hopefully, as in the fight against District of Columbia crime we will go "forward together" to cope with the problem, with the editorial policy of the *Post* lagging only slightly behind.

Review Past Laws

By REP. H. ALLEN SMITH (R.-Calif.)

In my opinion, Congress has been moving way too fast with way too many new programs the past two decades. Many of them were placed into law without a thorough study beforehand. I think it would be well if this Congress did everything it could from the standpoint of reviewing existing programs in order to eliminate the bad features which have occurred and to try to improve on the operation of the federal government without simply passing more and more legislation.

Census Reform

By REP. JACKSON BETTS (R.-Ohio)

Congressional demands for reforms in the 1970 census continue to increase. This call for repeal of the jail sentence penalty entirely and removal of the $100 fine from all but a few subjects essential to the population count stems from public condemnation of present Census Bureau policies. There are now 109 sponsors of this legislation.

Census reform is a bipartisan effort and its advocates span the spectrum of political viewpoints. The 109 sponsors represent districts in 36 states and Puerto Rico. These congressmen serve more than 44 million Americans. This demand to limit criminal penalties on decennial census questions has been prompted by the Census Bureau's exceeding the proper limits of population enumeration by continually expanding the length, complexity and inclusion of overly personal questions in the census. Letters from irate constituents, newspaper editorials and articles and the personal judgment of my colleagues after reviewing the actual forms to be used in 1970 are the sources of the opposition to present Census Bureau plans.

I am aware of the views of the clientele of the Census Bureau, the statistical user community. Although the Census director says his bureau serves the public, citizens who provide this data on themselves are on the short end of Census Bureau consideration. Large corporations are behind the extensive household utility items such as questions asking if a person has a television, clothes washing machine, dryer, home food freezer, and so forth, and government officials who have an insatiable appetite to extract more and more facts about the American citizenery have prodded inclusion of dozens of income, marital, education, housing and employment subjects.

The cozy relationship between the Census Bureau and federal statistical users has gone beyond the semblance of public service. I believe this is an unwholesome alliance which causes improper expansion of the collection of personal data under threat of fine or imprisonment. I have yet to find anyone who can justify a $100 fine or a 60-day jail sentence if a person refuses to indicate whether he owns a car, second home, or how much rent he pays. This is totally incompatible with the fabric of American constitutional government.

Continued from page 8

LBJ's Budget 'Surplus' Is a Mere Mirage

lion and $3.4 billion or $5.8 billion for the two years combined, when we eliminate the fancy manipulations and the various bookkeeping transactions which are not recognized in private industry, we find that the Johnson Administration actually sent a budget message to the Congress on January 15 which shows a deficit for the two years of around $17.5 billion.

I think this fact should be recognized by the Congress and the American people when we consider the appropriations during this Congress.

The best evidence that these figures were not overlooked by the Administration in the final analysis can be found by a further examination of the budget message. In doing so one will find they are soon going to have to ask for an increase in the national debt limit of about $6 billion in order to finance these imaginary surpluses.

If there were really going to be a surplus of $2.4 billion in 1969 and a surplus of $3.4 billion in 1970, they would not need an increase in the national debt limit—quite the contrary, we could drop the ceiling on the national debt.

But the fact that they are asking for an increase in the national debt at the same time they project these surpluses is a complete farce. . . .

It is just as erroneous, in my view, for the government to count the trust funds in telling the American people that we have a surplus as it is for a corporation to count its pension fund reserves in telling its stockholders, "We have a profit because these various trust funds have a surplus, and we are going to count it as though it were ours even though under the law we cannot spend it."

For the government to report these trust funds as income is just as erroneous as it would be for one of our major corporations to include in its report to the stockholders the accumulated receipts in a pension trust which is set up and operated under independent trustees. The Securities and Exchange Commission and the Department of Justice would soon call to task any American corporation which tried to include such figures in its report.

I say the government should abide by its own rules. By no line of reasoning can these trust funds be counted as revenue to defray the normal operating expenses of the government in its various programs. . . .

We are a great country. We are a great people. But our financial house is not in order. If the American people are told the facts about the dangers of inflation and how we have this deficit they will cooperate. All we have to do is lay the facts before them, and let them know we are really trying to reduce the cost of government.

Charts Showing Actual Deficit

1969

[In millions]

	Receipts	Expenditures	Surplus or (deficit)
Total budget, receipts and expenditures—Table B-1, p. 19, Budget Analyses	[a] $186,092	[b] $183,701	$2,391
Less trust funds—Table B-6, p. 24, Budget Analyses	(52,390)	(43,037)	(9,353)
Total Federal funds	[a] 133,702	[b] 140,664	(6,962)
Deficit for fiscal 1969			6,962

[a] Does not include $7,496,000,000 "Intragovernmental transactions," p. 19, Budget Analyses. Does include $500,000,000 basis 1-year extension, 10 percent surtax, p. 13, Budget.
[b] Does not include $7,496,000,000 "Intragovernmental transactions," p. 19, Budget Analyses.

1970

[In millions]

	Receipts	Expenditures	Surplus or (Deficit)
Total budget, receipts and expenditures—Table B1, p. 19, Budget Analyses	[a] 198,686	$195,272	$3,414
Trust funds—Table B-6, p. 24, Budget Analyses	[b] (58,693)	(48,431)	(10,262)
Proposed new taxes:			
Advance payment, Federal unemployment taxes from annual to quarterly, p. 13, Budget	(300)		(300)
Increased taxes, user charges, transportation, p. 65, Budget	[c](400)		(400)
Raise 1st class postage rates from 6 cents to 7 cents effective July 1, 1969, p. 116, Budget	(519)		(519)
Commodity Credit Corporation discrepancy in reported figures, p. 231, Budget, as compared to figures used on p. 159, Budget Appendix		[d] 2,684	[d] (2,684)
Total	138,774	149,525	(10,751)
Actual deficit for fiscal 1970			10,751

[a] Does not include $7,881,000,000 "Intragovernmental transactions," p. 19, Budget Analyses. Does include 9,500,000,000 revenue derived from 1-year extension of 10-percent surtax, p. 13, Budget.
[b] Includes 1,700,000,000 receipts from proposed increased social security taxes, p. 13, Budget. Proposed increase: Effective Jan. 1, 1970, raise taxable base from $7,800 to $9,000; effective Jan. 1, 1970, raise rates from 9.6 percent to 10.4 percent, p. 8, Budget Analyses.
[c] New taxes on transportation, p. 65 of budget:
(1) Increase tax on passenger tickets from 5 percent to 7 percent effective July 1, 1969.
(2) Increase tax on gasoline used by general aviation from 2 cents to 8 cents per gallon effective July 1, 1969. Increase tax on gasoline used by general aviation from 8 cents to 10 cents per gallon effective July 1, 1971.
(3) New tax of 8 cents per gallon on now untaxed jet fuel effective July 1, 1969. Raise to 10 cents per gallon effective July 1, 1971.
(4) New tax of 3 percent as waybill tax on air freight.
[d] P. 231, budget: "Request is for full restoration of 1961 and 1967 unrecovered losses and all but $250,000,000 of the 1968 losses."

P. 3, exhibit C, CCC report, Sept. 30, 1968	1961	$1,057,047,170
	1967	2,210,668,971
	1968	*2,948,216,528
Amount required to be appropriated to meet objective stated in budget		6,215,932,669
*1968 loss		3,198,216,528
"All but"		250,000,000
Total		2,948,216,528
P. 159, budget appendix: "Appropriations (net): Reimbursement for net realized losses"		6,215,934,000
Actual request for 1970 appropriations: "Total price support and related programs," p. 231, budget		3,523,492,000
		8,000,000
Total		3,531,492,000
Deficiency from amount described in budget		2,684,442,000

Mood of the U.S.

By SEN. ROBERT BYRD (D.-W. Va.)

I hope that President Nixon has read the mood of the people correctly. The country has had enough radical social programs to last it for some time to come. The people are tired of having every aspect of their lives directed from Washington. They are tired of paying more and more taxes and seeing more and more government waste. And they are completely fed up with crime, demonstrations, violence, and college insurrections. It is time to let the militant types, the "Black Power" revolutionaries, and the hoodlums and punks know that they are not going to get away with destroying the country. I think Mr. Nixon feels about the same way, and it is becoming increasingly clear that he intends to crack down on the criminals. And, if he does, I am all for it, because that is what I have been advocating for a long time.

Correction

In our Jan. 18, 1969, issue, we listed the House rollcall on the resolution to seat Rep. Adam Clayton Powell (D.-N.Y.) without any punishment, a motion which failed on a 248-to-176 rollcall vote. We inadvertently omitted the name of freshman Rep. Louis Frey Jr. (R.-Fla.) who was among those voting against the resolution.

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Why the Foreign Money Crisis Could Trigger the Next Depression

AND HOW YOU CAN PROTECT YOUR LIFE SAVINGS

If economist William F. Rickenbacker is right, there may be little time left to convert your holdings to a form that can withstand the coming financial holocaust. In DEATH OF THE DOLLAR, he explains with cool — no, bone-chilling — logic, why he thinks the depression must come. Then he reasons out the steps (the very few steps) that you can take to protect the assets you've accumulated.

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Step by step, the author explains why. He shows how our gold reserves are tied to our international balance of payments. With plain horse-sense reasoning, he shows why all the financial parachutes and fire extinguishers that the government has laced through our money system will prove to be *frauds* when the chips are down.

Does FDIC insurance on your savings account make you feel secure? At this very moment the FDIC can pay no more than $1 for every $100 of yours it has insured! Are you impressed when the Federal Reserve "monetizes the debt"? Rickenbacker shows how this can take a $100 debt, turn it into a $600 credit and skyrocket the cost of milk and eggs. Does $10 billion in gold sound like plenty of "reserves"? It's less than half of what we had just a few years ago — and it now is supposed to support *four times more* in short-term loans to the U.S. How long will foreign countries continue to accept our notes — our promise to pay in gold — *when they know we soon may have no gold?*

Above all—Rickenbacker shows why Wall Street and the entire financial community can be *expected* to be caught napping when the hurricane strikes. (Their slumber is almost a required ingredient.)

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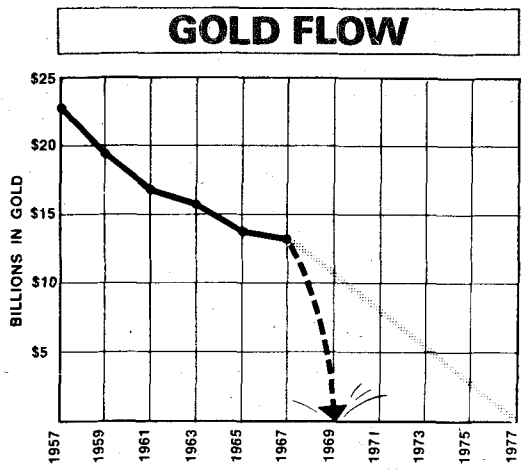

THE CHART TELLS THE STORY. Black line shows loss of gold reserves since 1957 as foreigners cash in dollars for gold. Grey line projects loss of remaining gold by 1977 IF rate of loss stays the same. But the outflow is sure to speed up. Reason: we continue to spend far more dollars than we can redeem in gold. Broken line shows what will happen as nervous creditors lose confidence and "rush" our government in a panic to "get their gold before it's too late". Then the U.S. must stop redeeming dollars for gold or run out of gold — thus driving the price way up and cutting the dollar's buying power. Will it happen this month? In 1969? 1970? No one knows; it could happen any time now.

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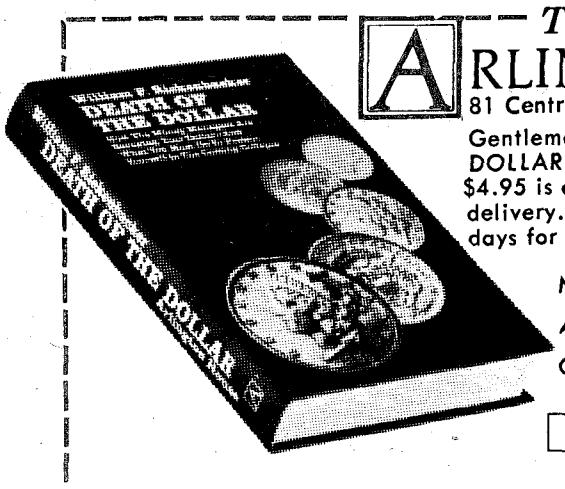

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